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OUR REPORTER'S REPORT

Considering the none-too-gratifying overall results attending its vast bond and note offering early last month, when subscriptions exceeded the $4,500,000,000 total by only $100,000,000, the investment world is waiting with interest the Treasury's next similar undertaking.

Men whose business it is to know the condition of the market are available to the Treasury, in connection with its successive undertakings, but it is quite evident now that their counsel was not given much weight on the aforementioned occasion.

In view of the outcome, the interesting question now is whether or not Secretary Morgenthau and his aides will place a little more stress on the advice of this group in the future.

National City Bank of New York, in its current review, discusses the circumstances surrounding the October financing at considerable length and its findings are interesting in view of the fact that government market men are understood to have urged that more consideration be given the market situation then prevailing.

The bank noted that one of the things which militated against the usual heavy oversubscription was the fact that the books were closed too soon, being kept open only two days, to allow sufficient time for Victory Fund Committees to really do a job of distribution.

Moreover, the bank made a point of the fact that the bonds were placed in a range already somewhat congested with outstanding issues, while maturity of both bonds and notes was set beyond the range which the

(Continued on page 1625)

A Good Fight Won!

SEC Rejects NASD Minimum Capital Plan

By JOSEPH HAYNES

Congratulations are in order!

Last June, only four short months ago, the members of the NASD awoke one morning to find a strange sort of ballot upon their desks. They were asked to vote (among several other things) as to whether or not "the size of a man's pocketbook should be the determining factor for membership in their association."

Almost immediately the "Financial Chronicle" took up the battle against this proposal and cried out a resounding "No!" Others joined us with their protests. The pages of this publication were filled with the courageous letters of dissenting dealers throughout the country. The New York Security Dealers Association, and their able President, Frank Dunne, entered the fray, in line with the traditional policy of the association. A group of New Jersey dealers, headed by Russell V. Adams and Van Dyk MacBride, also joined in the battle to defeat this absurdity in regulation that posed as a reform, and opposed the scheme, as did Leslie B. d'Avigdor of this city at the SEC's public hearing on the minimum capital plan.

Who says the power of united action in Wall Street is dead? The fact that the SEC was impelled to stop—to pull up short in its tracks—to listen to the voices that counselled moderation and justice, shows what can be done if the people in the securities business will only get together and fight for their established rights.

While viewing with satisfaction the results of this battle we have won, let us also not fail to toss a few roses in the direction of the SEC. Has not the Commission shown the securities industry that it can be reached by fair arguments—that it is NOT a closed door through which the opinions and viewpoints of the industry can never pass? In its press release of last week, the Commission frankly admitted that, in the beginning of the discussions regarding minimum capital provision, it had originally been favorable toward the proposal, BUT LATER HAD CHANGED ITS MIND.

This is the sort of straight-from-the-shoulder talk that those engaged in the securities business like to hear. "Infallible? Of course not! We can change our minds." Words such as these and this sort of action from the SEC is like a breath of fresh air that comes wafted into a room which, for the past nine years, has been filled with nothing but the stuffy pomposity of directives and orders, legal diatribes and threats, and an aloofness that defied cooperation.

(Continued on page 1623)

IBA Opposes SEC Price Disclosure Rule As Not In Public Interest, Impractical, Unworkable

The Investment Bankers Association of America informed the Securities and Exchange Commission on Oct. 29 that it was opposed to the Commission's bid and asked disclosure rule, X-15C1-10, and in a comprehensive statement set forth the reasons and conclusions which prompted its decision.

In making available to members of the IBA the text of the report opposing the suggested regulation, President Jay N. Whipple said that "Recognizing the serious effect promulgation of this rule would have on the securities business, the proposal has been given intensive study and consideration by your executive officers, other members of the board of governors, and the staff." The statement, he added, "reflects the combined opinions and reactions of a large proportion of our membership, . . ." all of whom were provided with a copy of the proposed rule and asked for their comments concerning it.

Mr. Whipple, who just recently became President of the IBA, advised the SEC that in the opinion of the Association the proposed rule:

1. Is against the public interest.
2. Would be impractical and unworkable.
3. Would force many high-grade small dealers out of business.
4. Would restrict markets and tend to destroy the value of many securities in the hands of investors.
5. Is beyond the scope of the authority granted the Commission by Congress.

Mr. Whipple also observed that the rules of fair practice enacted by the National Association of Securities Dealers and approved by the SEC have the force of law and are "designed to correct the evils which we assume have given rise to this proposed rule." The IBA, Mr. Whipple continued, "suggests that the Commission, through appropriate sanctions, make the NASD's rules of fair practice applicable, except to transactions in 'exempted securities,' to all who are not members of the NASD but who are registered by the Commission."

We quote, in part, as follows from the text of the IBA statement to the SEC:

PART I

The Proposed Rule In Its General Application

The Investment Bankers Association of America, responding to the request of the Securiites and Exchange Commission made on July 29 through Mr. Treanor, is glad to submit its comments on rule X-15C1-10, as proposed by the staff.

Jay N. Whipple

Due to its importance to all types and classes of dealers in securities, the Association sent a copy of the proposed rule to each member of the Association (approximately 600 in number) on Aug. 1. The chairmen of our 17 Groups in the United States were requested to

(Continued on page 1628)

INDEX

Page
Bank and Insurance Stocks........1622
Calendar of New Security Flotations.1630
Investment Trusts 1623
Municipal News and Notes.........1624
Our Reporter on Governments.....1632
Our Reporter's Report.............1617
Personnel Items 1620
Railroad Securities 1621
Real Estate Securities............1620
Securities Salesman's Corner.......1623
Tomorrow's Markets—Walter Whyte Says 1621
Uptown After 3....................1626

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LOS ANGELES, CALIF.—Paul Royce, Vice-President of Bankamerica Company, has been appointed Southern Division Manager for the firm and will make his headquarters at their office at 650 South Spring Street, Los Angeles.

S. J. Small, Jr., formerly in charge of the Statistical Department with Revel Miller & Co., is now with Bankamerica Company in their Analytical Department.

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Text Of SEC Rule Establishing Maximum Indebtedness Ratio For Brokers And Dealers

Co-incident with its rejection of the proposed NASD minimum capital rule, the Securities and Exchange Commission on Oct. 29 announced the adoption of a rule prescribing for brokers and dealers within its jurisdiction a maximum ratio of aggregate indebtedness to net capital of 2,000%. The reasons which impelled its adoption of the regulation, the Commission said, are set forth in its decision in the NASD case, the full text of which is given in this issue of the Chronicle.

Text of the Commission's action in promulgating the maximum indebtedness rule, titled X-15c3-1, follows:

The Securities and Exchange Commission, deeming it necessary for the exercise of the functions vested in it and necessary and appropriate in the public interest and for the protection of investors so to do, pursuant to authority conferred upon it by the Securities Exchange Act of 1934, particularly Sections 15 (c) and 23 (a) thereof, hereby adopts the following Rule X-15c3-1:

(a) No broker or dealer shall permit his aggregate indebtedness to all other persons (exclusive of indebtedness secured by exempted securities) to exceed 2,000 per centum of his net capital (exclusive of fixed assets and value of exchange memberships).

(b) The provisions of this rule shall not apply to any broker or dealer who (1) does not extend credit to any person to whom he sells or for whom he purchases any securities, and (2) does not carry money or securities for the account of customers or owe money or securities to customers, except as an incident to transactions with or for customers which are promptly consummated by payment or delivery; Provided, That credit shall not be deemed to be extended by reason of a bona fide delayed delivery of any such security against full payment of the entire purchase price thereof upon such delivery within thirty-five (35) days after such purchase.

(c) This rule shall not become effective until further order of the Commission and, in any event, not earlier than Jan. 1, 1943.

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Text Of SEC's Opinion Disapproving Proposed Minimum Capital By-Law Of NASD

At a regular session of the Securities and Exchange Commission held at its office in the City of Philadelphia, Pa., on Oct. 28, 1942, the Commission disapproved of the so-called minimum capital amendment to the by-laws of the National Association of Securities Dealers. The complete text of the SEC's opinion on the subject, which also makes reference to the public hearing held on the subject, follows:

Rules of National Securities Associations

A national securities association registered under Section 15A of the Securities Exchange Act of 1934 as amended, having proposed to amend its by-laws to provide for minimum capital requirements as a condition of membership, held the proposed amendment is not in conformance with the requirements of that section, and disapproved.

Appearances

Baker, Hostetler & Patterson, by Paul Frum and John W. Lindsey, for National Association of Securities Dealers, Inc.

Wallace H. Fulton, Executive Director, National Association of Securities Dealers, Inc.

Leslie d'Avigdor, for Leslie d'Avigdor Co., New York, New York.

Frank Dunne, President, New York Security Dealers Association, New York City.

Russell V. Adams and Van Dyk MacBride, for a group of New Jersey security dealers, members of the National Association of Securities Dealers, Inc.

National Association of Securities Dealers, Inc. (NASD) is an organization of brokers and dealers in the over-the-counter markets. Its membership of 2,600 is composed of firms of all sizes, located in many parts of the country. The Association is registered with us as a national securities association under Section 15A of the Securities Exchange Act of 1934.[1]

NASD has brought before us a proposed amendment to its by-laws which would require as a condition of membership that all members and prospective members have a fixed minimum net capital of $5,000, if they deal directly with customers, and a minimum of $2,500 if they do not effect certain transactions directly with the public.

In order to consider the proposed rule we convened a public hearing before the Commission. It was attended by NASD's counsel and certain of its officers. Several members of the NASD appeared in opposition to the rule.

This amendment was proposed by the Board of Governors of the Association pursuant to the powers vested in the Governors by the Association's by-laws. According to the by-laws, proposals must be approved by a majority of those voting, provided that a majority of all members vote.

(Continued on page 1627)

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[1] Relevant portions of Section 15A will be set forth in the course of this opinion. The section, often called the Maloney Act, because Senator Francis Maloney of Connecticut introduced it into the Senate, was enacted in 1938 and has been incorporated into the Securities Exchange Act as an amendment thereto.

Significance Of 1942 Tax Law To Investors

The new tax law is a highly encouraging step in the thawing of frozen capital and in the removal of inequities and hardships evident in previous legislation. This applies to both corporations and individuals. Of course, rates have been necessarily increased; and a complete exclusion of capital gains and losses from taxation would seem sounder as in Britain. However, we feel that the constructive features of the new legislation are extremely important, and should be carefully studied by every investor. The large investor should study the changes which again make it worthwhile considering the use of his capital in new ventures. No longer can he say that the Government takes most of his profits and that there is practically no change of recouping losses. The small investor should know particularly about the deduction of capital losses up to $1,000 from his ordinary income. And every investor should consider the sweeping effects new tax trends may have on future business and securities markets. Revived interest of the larger investor is likely to have a cumulative effect broadening markets and improving price levels. A more normal level of prices and marketability will facilitate the raising of postwar capital needs, enabling our system of private enterprise to continue with new vigor.

The outstanding improvements from the standpoint of the individual will be briefly explained. First, the holding period for a long-term capital gain has been shortened to six months from 18 to 24 months previously. This removes a deterrent that was probably greater than many people realize. Many investors in high income tax brackets feel that only long-term capital gains (with reduced tax liability) are worth the risk, and yet they have hesitated to attempt a forecast that far into the future. The anticipated profit might occur in six to nine months and disappear before two years have expired. Second, there is a complete criss-crossing of short and long-term capital gains and losses. Long-term gains and losses are recognized to the extent of 50% for this purpose. This eliminates the predicament of having to pay tax on profits in one category (holding period) at the same time that losses were available in the other. Third, and even more helpful, unused capital losses can be carried over for five years, as short-term losses. This gives an investor an adequate time in which to register offsetting gains, either short or long-term. Fourth,

(Continued on page 1631)

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DEALER BRIEFS

Denver, Colo.

In Denver during the month of October, investment dealers have been concentrating on two highly important matters—first, as members of the Victory Fund Committee they have worked persistently on the sale of War Bonds and Tax Notes; and second, they have been very active in the campaign for the Denver War Chest, which not only comprises the philanthropic agencies in the Community Chest, but about twenty worthwhile war appeals. The investment business has been more active than for several months past, with the principal interest in local securities. One or two new issues have met with favorable reception as well. There appears to be a more optimistic feeling among investment men here.—*Arthur H. Bosworth, Bosworth, Chanute, Loughridge & Company*

Lynchburg, Va.

The defeat of the Tax Program of the Administration as far as municipals were concerned has given the local market a new impetus and the demand has been very good for tax-exempt securities. The diminishing supply has also been very instrumental in moving the yields of representative Southern municipals to unprecedented high levels. New underwritings have faded out of the picture entirely—some small refundings are coming along but they are few and far between. Local stocks have not moved up to any great extent, however, textiles have shown firmness, while bank stocks have been very inactive.—*Ludwell A. Strader, Vice-President, Scott, Horner & Mason, Inc.*

Winston-Salem, N. C.

North Carolina medium and better grade municipals continue to enjoy a good market locally, with a scarcity of offerings and with many of the medium grades bringing excellent prices. Low dollar bonds have been somewhat inactive although some improvement has been noted in recent weeks.—*Vance, Young & Hardin, Inc.*

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Townsend, Graff & Co., 120 Broadway, New York City, members New York Stock Exchange, announce that John B. Cornell, Jr., has become associated with them in their trading department. Mr. Cornell was formerly with Roggenburg & Co. and more recently with Atlantic Investing Corporation.

D. P. Newell Opens

(Special to The Financial Chronicle)

Maysville, Ky.—D. P. Newell will conduct a general securities business in Maysville. Mr. Newell was formerly cashier of the State National Bank, with which he had been associated since 1920.

Foster Elected V.-P. Of Lee Higginson

Lee Higginson Corporation, 40 Wall Street, New York City, announces the election of J. T. Foster as Vice-President and Director.

J. Taylor Foster

Mr. Foster has been a partner of Spencer Trask & Co. since Jan. 1, 1940, and for many years has been well known in investment banking circles. He began his career in the bond business with the firm of Montgomery, Clothier & Tyler.

Mr. Foster has served as President of the Bond Club of New York and as Chairman of the New York Group of the Investment Bankers Association.

NY Security Dealers Prepare Election Slate

The New York Security Dealers Association announces that the Nominating Committee will hold a meeting at its offices on or about Tuesday, Nov. 17, 1942.

Members are invited to suggest nominees for Governors of the Association. The next annual election of the Association will take place Jan. 5, 1943, at which time four of the nominees will be elected for a period of three years.

The terms of the following Governors expire: John J. O'Kane, Jr., Clarence E. Unterberg, Frederick C. Kraehling; and there is one vacancy to be filled.

All suggestions should be mailed to Tracy E. Engle, c/o New York Security Dealers Association, 42 Broadway, New York City.

Members of the Nominating Committee are: Tracy R. Engle, Chairman, Engle, Abbott & Co.; Otto H. Steindecker, New York Hanseatic Corp.; George L. Collins, Huff, Geyer & Hecht, Inc.; Leo. J. Goldwater, L. J. Goldwater & Co., and Vincent Fitzgerald, Fitzgerald & Co., Inc.

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SEC Enters Action To Get Court Decision On Rule Governing Over-Counter Profits

The Securities and Exchange Commission has filed a brief in a civil action entered against Stewart J. Lee Company, New York securities dealer, charging that the dealer had made excessive profits and asking that the deal be rescinded. The Commission is not a party to the action, having filed its brief as a "friend of the court," but the final decision will have a bearing on future SEC rulings in over-the-counter cases.

The Commission's action in seeking court determination of an interpretation of its rule (Section 15-C-1 of the Securities Act of 1934) used in revoking over-the-counter dealers' licenses is considered especially significant in view of the fact that the Commission is proposing a new rule making it obligatory for such firms to list the "bid and asked" price in every transaction.

The civil action was filed by Helene Hallgarten against Stewart J. Lee Co. charging that she paid $5,000 for royalties of Phillips Petroleum which she claims had a value of $3,600 and therefore seeking rescision of the purchase. The defendant denied all charges of fraud, contending it had sold the royalties at a price bearing a reasonable relationship to the market price and that it had acted as principal, not as broker nor investment counsel.

In its brief in the case, the SEC quoted from the Act:

"The dealer's omission in disclosing the spread between the market and sale price, when that spread is unreasonable, renders misleading and fraudulent the representation, implied from his holding himself out as a dealer, that he will deal fairly with his customer and charge prices bearing some reasonable relationship to the prevailing market."

Stroud & Co. Tells How To Pick A Chariot Driver

Stroud & Co., 1429 Walnut Street, Philadelphia, in commenting on the Pittsburgh, Cincinnati, Chicago & St. Louis 4½s, relate the following story:

"There once was an emperor, so the story goes, who was looking for a new man to drive his chariot. Three candidates showed up for the job. The emperor pointed out the course for the trials which ran along the edge of a mountain with a drop of about 100 feet on one side. He told each driver to drive around the road as fast and as near the edge as he thought safe. The first candidate drove his horses furiously and came within a foot of the edge. The second galloped the horses even faster and came within six inches of the drop. The third walked the horses and stayed away from the edge as far as possible. 'That's the man for me,' said the emperor. The other candidates objected, pointing out how fast they had gone and how near the edge. 'Oh, yeah,' said the emperor, 'well, I'm going to ride in that chariot and I'm staying as far away from that edge as I can.' Our bond this week is presented for those who, like the emperor, demand a reasonable amount of safety in their investment vehicles."

To Be Laird Partner

WILMINGTON, DEL.—Eugene E. duPont will be admitted to limited partnership in Laird & Co., Nemours Building, as of Nov. 12.

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Members St. Louis Stock Exchange

Former Gatch Partners Join G. H. Walker Co.

ST. LOUIS, MO.—G. H. Walker & Co., Broadway & Locust Streets, members of the New York Stock Exchange and other leading national exchanges, announce that several of the former partners of Gatch & Co. have become affiliated with them.

Clifford P. McKinney will be Manager of the Sales Department for G. H. Walker & Co., and John H. Jordan, Roy W. Jordan, and Elmer L. Lacey, member of the St. Louis Stock Exchange, will be sales representatives. Other former Gatch employees now with G. H. Walker & Co. are Clarence J. Maender, who will manage the Bank Stock Department, and Albert Gruenewald, who will be a sales representative.

NASD Dist. 13 Names Nominating Committee

Henry G. Riter, 3rd, of Riter & Co., Chairman of District No. 13 of the National Association of Securities Dealers, Inc., announces the appointment of the following Nominating Committee:

Chairman William J. Minsch of Minsch, Monell & Co.; Joseph W. Dixon of Graham, Parsons & Co.; Pierpont V. Davis of Harriman Ripley & Co., Inc.; Frederick C. Kraehling of Frederic H. Hatch & Co., Inc.; J. Winner Parker of Parker & Weissenborn, Inc.

Positions to be filled for the terms expiring Jan. 15, 1943, of Laurence M. Marks of Laurence M. Marks & Co., Governor; Russell V. Adams, of Adams & Mueller, Harry W. Beebe of Harriman Ripley & Co., Inc., Richard C. Rice of J. K. Rice, Jr., & Co., and Henry G. Riter, 3rd, of Riter & Co., members of District No. 13 Committee.

Hotel Securities
Analysis on request

Seligman, Lubetkin & Co.
Incorporated
Members New York Security Dealers Association
41 Broad Street New York
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REAL ESTATE SECURITIES

INCREASED HOTEL BUSINESS

This column has previously expounded upon hotel securities and the benefit that should accrue to them from a market standpoint from increased business but aside from giving a few specific instances such as Hotel Lexington and Hotel St. George it has not shown that the increase is general.

Figures compiled for over 30 hotels for the first nine months of 1942 show that the average occupancy exceeded the corresponding periods in 1941, 1940 and 1939 by 8.57%, 9.63% and 6.8%, respectively; in fact, it exceeded any corresponding period as far back as 1932.

Dollar value of room sales exceeded 1941 by about 17% and 1940 by about 12½%; in fact, with the exception of the 1939 World's Fair year, dollar value of room sales exceeded by a considerable margin any previous corresponding period as far back as 1932.

Food and beverage sales for the nine months through September, 1942 greatly exceed any previous corresponding periods since 1931, exceeding the 1941 period by about 17¾% and the next year by about 8%.

TRADING MARKETS IN
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Brooks-Milburn Closes; Brooks Opens Office

WICHITA, KANS. — Brooks-Milburn, Inc., 305 East William, announces that their company will cease operations and liquidate as of Oct. 31st, this year.

Ralph W. Milburn, Vice-President, is now a Cadet Pilot, and R. Kenneth Milburn, formerly Secretary-Treasurer, is now a Lieutenant of Field Artillery.

Mr. Jos. B. Hesse, Vice-President, will after Nov. 1st, devote his time to carrying on his insurance business, and engaging in defense work.

War O. Brooks. President of the firm, will establish an office at 304 Fourth National Bank Building, to conduct a general investment business.

David R. Mitchell Is With Blair Claybaugh

David R. Mitchell is now associated with Blair F. Claybaugh & Co., 72 Wall St., New York City, in their trading department. Mr. Mitchell was formerly for many years head of his own investment firm, David R. Mitchell & Co.

Stock Market Comments

With the market in a more or less extended position as a result of its protracted rise during recent months, the possibility of a reaction should not be overlooked. The extent of any downward readjustment, however, will depend in very large measure upon the tenor of the war news released—after elections—and consequently due allowance should be made for a more extensive reaction than has developed thus far.

Looking at the picture in its broader aspects, we believe the market is in the early stages of a major recovery movement and that any worthwhile setback should be regarded as providing advantageous buying opportunities.

Tax Selling

Factor with which the market will have to contend during coming weeks will be year-end tax selling.

This year, because of changes in the treatment of capital gains and losses, such selling will be of much smaller proportions than last year, when capital losses could be offset against any kind of income without limitation.

Nevertheless the market will be called upon to absorb some amount of liquidation for tax purposes—all of which may tend to at least cause some irregularity. In short, we don't think that very much progress is likely to be made on the upside during the immediate future, except in the case of special situations.

Supporting Factor

Supporting market factor during coming months tending to offset seasonally adverse elements will be a series of favorable earnings releases and liberal dividend actions.

Corporation managements this year did not make the mistake of last year in underestimating taxes. This year the error has been in overestimating taxes. Hence most companies will be crediting back to the income account fairly sizable sums by reason of the 80% over-all tax ceiling. Moreover, the 10% post-war credit, while it may prove somewhat illusory, will certainly permit the adoption of a more liberal policy than would otherwise be the case.

In addition the bill contains a fairly large number of relief provisions, viz: (1) exemption from the 16% surtax on that part of an operating utility company's income used to pay preferred dividends; (2) exemption from the

(Continued on page 1629)

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

NEW YORK, N. Y.—**Homer F. Locke**, for the last 10 years with the municipal bond firm of Stranahan, Harris & Co., has joined the municipal bond department of **Shields & Company**, 44 Wall St.

NEW YORK, N. Y.—**Renwick B. Dimond** has become affiliated with **Wertheim & Co.**, 120 Broadway, New York City, it is announced.

NEW YORK, N. Y.—**Martin G. Missir** has become associated with **J. R. Williston & Co.**, 115 Broadway.

(Special to The Financial Chronicle)
BOSTON, MASS. — **James B. Boynton** has joined the staff of **J. H. Goddard & Co.**, 85 Devonshire Street.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **Thomas M. Barry, Sr.**, has become connected with **Ryan-Nichols & Co.**, 105 So. La Salle Street. Mr. Barry was formerly with Thompson Ross Securities Company and in the past was with the Continental Illinois National Bank & Trust Co.

(Special to The Financial Chronicle)
FRESNO, CALIF.—**Sydonia B. Chance** is with **H. R. Baker & Co.**, Mattei Building.

(Special to The Financial Chronicle)
KANSAS CITY, MO. — **James Burton, Jr.**, previously with United Funds Management Corporation, has joined the staff of **Harris, Upham & Co.**, 912 Baltimore Avenue.

(Special to The Financial Chronicle)
LONG BEACH, CALIF.—**Herbert H. Vogeley**, formerly with Bayly Brothers, has become affiliated with **Halbert, Hargrove & Co.**, First National Bank Building.

(Special to The Financial Chron'cle)
LONG BEACH, CALIF.—**Everett I. Peckinpaugh** has become associated with **Dean Witter & Co.**, Security Building. Mr. Peckinpaugh was previously with Bayly Brothers in charge of their local office and served in a similar capacity with Edgerton, Riley & Walter. In the past he had his own firm in Long Beach.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**R. J. Downing** has been added to the staff of **H. R. Baker & Co.**, Bank of America Building.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Clement J. Hogg** is now connected with **Morton Seidel & Co.**, 458 South Spring Street, as a salesman covering the Santa Monica territory. For the past 10 years Mr. Hogg was with E. H. Rollins & Sons, Inc., in Los Angeles.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Lloyd P. Helmick** has been added to the staff of **C. L. Wells & Co.**, 724 South Spring Street.

(Special to The Financial Chronicle)
MIAMI, FLA. — **Herbert N. Crowder** is now connected with **Corrigan, Miller & Co., Inc.**, Security Building.

(Special to The Financial Chronicle)
MILWAUKEE, WIS.—**George P. Hewitt** has become associated with **The Marshall Company**, 762 North Water Street. Mr. Hewitt was formerly with Ryan-Nichols & Co. for a number of years.

(Special to The Financial Chronicle)
MINNEAPOLIS, MINN.—**Chas. G. Woehler**, previously with Couper-Eckenbeck & Co. and John J. Seerley & Co., has joined the staff of **C. D. Mahoney & Co.**, Roanoke Building.

(Special to The Financial Chronicle)
ORLANDO, FLA. — **James M. Wilcox, Jr.**, has become affiliated with **United Securities Corp.**, Florida Bank Building.

(Special to The Financial Chronicle)
PORTLAND, OREG. — **Eugene Courtney** is with **Camp & Co., Inc.**, Porter Building.

(Special to The Financial Chronicle)
ST. PETERSBURG, FLA.—**Ernest W. Bearse** has become connected with **Florida Securities Co.**, Florida National Bank Building. Mr. Bearse in the past was with Associated Gas and Electric Securities Co.

(Special to The Financial Chronicle)
SAN DIEGO, CALIF.—**James D. Kent**, formerly with Searl-Merrick Company and H. J. Kircher & Co., has become affiliated with **Fewell, Marache & Co.**, San Diego Trust & Savings Building.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF. — **Francis A. Nagle, William P. Seabury**, and **Ellis P. Tavernetti** have been added to the staff of **H. R. Baker & Co.**, Russ Building.

(Special to The Financial Chronicle)
TOLEDO, OHIO — **Thomas W. Lang** has become affiliated with the **First Cleveland Corporation**, Home Bank Building. Mr. Lang was formerly with Bliss Bowman & Co. and Securities, Inc.

(Special to The Financial Chronicle)
YOUNGSTOWN, OHIO — **Thos. W. Stroh** has rejoined the staff of **Otis & Co.**, Terminal Building, Cleveland, Ohio. Mr. Stroh was recently with Borton & Borton, Incorporated.

Dealers And Brokers Must File Reports

The Securities and Exchange Commission is planning to extend its power over the investment community, it is learned by a rule to be effective Jan. 1 requiring brokers and dealers to file financial statements with the Commission at least once a year. In some cases certification by an independent accountant will be mandatory, according to a provision of the rule.

Reports under the rule will permit the SEC to study for the first time the financial condition of all registered dealers and brokers directly instead of through reports filed with various stock exchanges and State Securities Commissioners. Under the new rule the SEC will be provided with enough knowledge of dealers' set-up to prescribe changes in capital requirements. Indication that the SEC is moving into this phase of control is seen in its disapproval of the minimum capital requirement proposed by the National Association of Securities Dealers and the substitution of its own rule that dealers in the over-the-counter market are limited to an aggregate indebtedness of 2000% of net capital.

The report form to be used under the new rule will be the uniform one worked out by the Commission and the industry during the summer, with a few minor changes introduced by the SEC.

Neglected Opportunities

There are many opportunities in solvent rail bonds which have hitherto been overlooked according to the current bulletin issued by Strauss Bros., 32 Broadway, New York City. Copies of this interesting bulletin giving further information may be had from Strauss Bros. upon request.

Tomorrow's Markets Walter Whyte Says—

Post-Election rally gives rise to optimism. Market still finds recent highs tough obstacles. Suggest waiting for anticipated reaction before new buying.

By WALTER WHYTE

The beautific smiles you see in Wall Street today are based on only one thing—the election results. Even the war seems, for the moment, to be far away. The big conversation pieces are the Republican victories and the things they promise. Unfortunately the market has a way of discounting such things. For late last week it rallied on what seemed incomprehensible news.

* * *

Well, the news is no longer news. The Republicans did manage to snag off some six Senate seats and about 22 House seats. Whether this will make a difference in the management of the war effort, or relieve taxes, remove business restrictions and make the market one of those nice skyrocketing affairs everybody secretly longs for, is too much to expect. Perhaps war efforts will be intensified. Perhaps taxes will come down. Perhaps business restrictions will be lightened, and perhaps the market may again become one of those affairs. But we all know these "perhapses" are just so much wishful thinking.

* * *

For so far as the war is concerned it is still in the hands of the military and the Cabinet and no minor change in the House or Senate line-up will change that. If you think taxes are coming down, brother, you'd better take another sniff. Taxes are here to stay and you might as well reconcile yourself to the fact that they'll be a lot bigger before they're any smaller—a whole lot bigger.

* * *

Business restrictions? We still have a war on our hands and business will find more ropes around its neck before long.

* * *

The market? Well, that's something else. The market has already shown its mettle. It is the one medium which has given a realistic appraisal of the new conditions it has to cope with. It is not concerned with politician's clamorings or patriotic breast beatings. It reflects and anticipates conditions as they are, not as some would like it to be.

* * *

Last week, after an early decline, prices rallied. In my opinion the rally was partly based on the headline news of today—the elections. But this effect has already worn off, or will wear off before the week is over, and the market will have to face realities again. Right now the big reality, the only important reality which really matters, is the war. If you can find an answer to that then you'll have an answer to the market. I can't, so I have to stick to the market and get what clues I can from its action.

* * *

A few weeks ago I said the Dow averages would get up to 115 - 116; meet trouble and then back down. You have already seen what happened when the market crossed 115. Volume jumped up and optimists began climbing out of their shells. But in spite of everything, it couldn't get through the 116 figure.

* * *

Last week I forecast a decline to under the 110 price. In the early part of last week prices did go down to about 113 but rallied back to about 115 again. Yet I see little in the current action to change my opinion.

* * *

Reasons given that "holders are reluctant to sell" don't impress me. Holders seldom sell on dullness or advances. They sell on weakness. I think such weakness is right around the corner. Until this occurs I have no intention of recommending new purchases.

* * *

I have been asked to give my long range market views. Even if I shrugged off the war, I still wouldn't know how to answer such a question. My definition of "long range" is probably different than the majority interpretation. I like the market so long its action satisfies me. Sometimes I like certain stocks for days, sometimes weeks, and sometimes months. In my last recommendations I included Harvester and Union Carbide. Readers are aware that I kept repeating my like for their market action for months. It wasn't until the market itself began showing top signs that I advised selling. Perhaps that means "long pull." I don't know.

* * *

A professional speculator prefers to go home each night without a single position. His arguments are: He avoids overnight accidents, and he can look at the market dispassionately if he's not carrying anything. On the following day, if he still likes his original position, he can reacquire it. For, he argues, if he were already long he could

(Continued on page 1623)

Defaulted Railroad Bonds

PFLUGFELDER, BAMPTON & RUST
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61 Broadway New York
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RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

Quite obviously a large number of speculators are content to ignore the implications of the Wheeler tax proposal for a levy of 90% on profits realized on reorganization securities, and the accompanying letter from Interstate Commerce Commissioner Splawn, which were given such wide publicity a few weeks ago. They apparently are also content to ignore the well established attitude of the Interstate Commerce Commission towards railroad reorganizations in general. The most active and strongest spots in the reorganization group last week were the junior bonds of Missouri Pacific, led by the General 4s, 1975 which sold at a new 1942 top of 10¾ compared with the year's low of 1⅝.

There seems to be little question but that the interest in the Missouri Pacific General 4s is based almost entirely on hopes that the pending plan of reorganization (which has once been approved by the District Court) will be discarded, and that a revised plan will provide far more liberal treatment for the bonds. It is transactions of this nature that presumably touched off Senator Wheeler's absurd proposal, and while it is our belief that the tax itself may not be considered seriously, it does seem likely that if delays inspired by speculative enthusiasm for war earnings continue to threaten the reorganization progress made to date, some new legislation affecting reorganization procedure will be enacted. There is no question but that the Commission itself is thoroughly impatient over the slow reorganization progress.

There is nothing in the record that would appear to justify the expectation that if plans are rejected and sent back to the Commission that body will be inclined to give weight to war-swollen traffic in allowing a more liberal capitalization. In fact, the New Haven case, where reduction of some prior claims for interest was expected to release a larger allotment of new fixed interest bonds to junior claims, should effectively have stilled any such hopes. In the face of established facts, and particularly considering that the proposed capitalization of the new Missouri Pacific appeared too liberal in the first place, speculation in the old Missouri Pacific 4s, 1975 at recent levels is ill-advised.

Under the reorganization plan now in the courts, the Missouri Pacific General Mortgage 4s are allocated roundly 7.5 shares of common stock with respect to each $1,000 face value of bonds. At this stage in the reorganization proceedings, the bonds should sell to provide an arbitrage profit of at least 25%. On such a basis the present price of the old bonds would give an indicated value of 18 to the new common stock, or some four points above recent "when issued" quotations. Even recent "when issued" prices may logically be considered as giving too high a valuation to war earnings, particularly when it is considered that under the most favorable circumstances completion of the reorganization and issuance of the new stock may not reasonably be expected for a period of about a year and a half.

By the time the reorganization is completed it may well be that the war boom will be over or the end at least in sight. Under such conditions dividends could certainly not be taken for granted. Also, railroads as a whole face a strong possibility of higher wages and taxes, and Missouri Pacific would certainly not be immune.

It is true that consolidated earnings of the constitutent companies for the current year are estimated somewhat above $25 a share on the new stock, compared with indicated earnings of approximately $5.40 a share last year. A fact that is given less publicity, however, is that these estimates are arrived at with taxes accrued on the basis of the old capitalizations, where the heavy debt grants relative immunity from Federal income levies. When the reorganization is complete, and exemptions are based on the reduced debt and charges, the indicated earning power of the new stock will be reduced sharply.

The weight that may be accorded the current level of earnings is also indicated by an examination of the system's past earnings record. Not in any year from 1932 to 1940, inclusive, would any earnings have been reported on even the prior preferred stock, to say nothing of the second preferred and the new common. Prior to that, indicated earnings would have amounted to $2.38 a share of common in 1931, $4.82 in 1930, and $8.07 a share in 1929. Considering the definite and consistent deterioration that has taken place in the system's traffic position, high-lighted by the permanent loss of profitable petroleum tonnage, this record would hardly seem to support any great optimism towards the new stock. War activity in the area is largely of a purely temporary nature and not calculated to add permanently to the economy of the system. Construction of additional pipe lines to meet the shortages in the east may well mean additional competitive inroads when we return to a peace economy.

Certainly, where speculation in the new common stock is desired, the St. Paul Adjustment 5s, 2000 would seem a far more desirable vehicle. For one thing, the St. Paul reorganization should be consummated before that of Missouri Pacific, thus reducing the danger that the new securities may not be delivered until railroad earnings are on the downgrade. For another thing, the St. Paul Adjustment 5s receive a larger allocation of new stock (9.78 shares). At present prices of 4½ for the Adjustment 5s, and allowing for an arbitrage profit of 25% as in the case of Missouri Pacific, the indicated appraisal of the St. Paul new common is less than $6 a share.

To Be NYSE Members

Marble & Co., 14 Wall St., New York City, will acquire membership in the New York Stock Exchange, as of Nov. 12 with the transfer to Frank L. Hawkes of the Exchange membership of Nelson B. Gatch. Partners in Marble & Co., commodity brokers, are: Preston M. Marble, James F. Schwartz, Herbert H. Marble, Frank L. Hawkes, general partners, and Martin Curry, limited partner.

Defaulted RR. Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1. 1939, to date: high—44; low—14¾; Nov. 4 price—42¾.

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Bank and Insurance Stocks

This Week — Bank Stocks

It takes at least a billion dollars to make the financial headlines in the present era of "funny money" and astronomical expenditures. General Motors, the world's premier manufacturing enterprise, accomplished that feat recently when it announced the completion of arrangements for a billion dollar revolving credit to finance its production of war supplies. This is the largest bank loan ever obtained by a private corporation in this country and is one of the really outstanding events in the history both of General Motors and of the banking industry as a whole.

The General Motors credit agreement will run for three and a third years, expiring Feb. 28, 1946. The interest rate will be 2½% per annum on the amounts actually used and a commitment fee of 1/8th of 1% will be charged on any unused portion of the maximum credit. General Motors is not obligated to use all of the credit but will have it available on call when, as and if needed. The amount of credit is subject to reduction at any time by the corporation, on 90 days' notice, in multiples of $100,000,000.

This loan, like all others made under Regulation V and Executive Order 9112, will be partially guaranteed by the War Department. The General Motors loan will be 50% guaranteed up to $250,000,000; 75% guaranteed from $250,000,000 to $500,000,000; 85% guaranteed from $500,000,000 to $650,000,000, and 90% guaranteed from $650,000,000 to the $1,000,000,000 maximum.

Some 400 banks, from Maine to California, will participate in this huge financing. The credit and guarantee agreements are being handled through the Federal Reserve Bank of New York which will act as fiscal agent for the Government. A committee of five banks, all from New York City, participated in the preparation of these agreements. The five banks were Bankers Trust Company, Chase National Bank, First National Bank of New York, Guaranty Trust Company and J. P. Morgan & Co. Incorporated.

The need for additional working capital by General Motors, to finance inventories and receivables, has been brought about by the tremendous volume of armament work assigned to it. Normal capacity of the corporation is about $2,500,000,000 gross per annum. By the end of 1942, it is expected that output will be at the rate of about $4,000,000,000 annually and eventually a $5,000,000,000 level may be reached. This would be double the company's normal peace-time production level. The General Motors situation is typical of our industrial plant as a whole and, in the case of hundreds of smaller corporations, their volume of production is being increased several hundred per cent. Therefore, from this point, it is obvious that borrowings under Regulation V will be greatly accelerated.

It is a rare armament producer indeed which has not, by now, exhausted its own working capital. Many manufacturers, furthermore, have hesitated to go into debt purely on their own responsibility and without some protection as regards the war business they might get. The Regulation V loans will thus solve two important problems: (1) such credits will be tied up specifically with government assigned business; (2) original working capital of each borrower can be preserved intact for resumption of normal business when the emergency is over.

Proceeds of Regulation V borrowings may be used only for war purposes. This will serve to protect both the banks and the users and, in the opinion of most banking authorities, will eliminate the likelihood of chaotic conditions such as might be expected to develop if the war were to end suddenly. In the present situation, many companies have been virtually 100% converted to war production and, for a majority of these, several months may be required to get back to a peace-time basis. General Motors, for example, is said to be operating about 95% in the production of actual war materials and the balance on high priority items which are regarded as essential to the prosecution of the war.

In reporting to General Motors stockholders regarding the arrangements for this unprecedented line of credit, Chairman Alfred P. Sloan, Jr., commented in part as follows:

"An analysis of the trend of the corporation's financial position over the past 20 years indicates that during that period, notwithstanding the demands of the great expansion of the 'Twenties, the difficulties of the depression period of the 'Thirties and the substantial growth of General Motors, the corporation has been able to maintain cash balances sufficient to conduct its normal peacetime operations as well as to provide adequate protection against such uncertainties as can never be entirely foreseen. This has all been accomplished by General Motors Corporation without the use of bank loans or other borrowings and without the sale of additional common stock, except in one instance where stock was issued for the acquisition of Fisher Body. It has been accomplished almost entirely by the reinvestment of earnings and by the use of accumulated depreciation reserves. This, of course, does not take into consideration borrowings by General Motors Acceptance Corporation, a wholly-owned subsidiary, in order to finance sales to dealers and to retail buyers.

"With expanding war production, inventories of raw materials and of work in process will necessarily be increased. Furthermore, the time element involved in the necessary procedures for approval and payment of war products will increase the company's receivables beyond what was normal in peacetime operations. Thus, both because of the special conditions surrounding the production of war materials and because of constantly expanding volume, the amount of working capital required will be far in excess of anything that the corporation has yet experienced."

One interesting angle to the General Motors loan is the fact that Regulation V was originally drawn up primarily to aid small and medium-sized businesses. However, the concentration of war orders in the hands of the major manufacturing concerns has had the inevitable effect of using up the working capital of such companies even before the subcontractors and others have gone into full production. Furthermore, the allocation of materials and labor is obviously being made where the largest facilities are already available.

Therefore, it is logical to expect that other leading manufacturers will shortly follow the lead of General Motors and that Regulation V loans will expand, from this point, about as rapidly as the mechanical details of each one can be worked out. It is entirely conceivable and more than likely, if the war is much prolonged, that "V" loans will exceed in volume all other commercial loans outstanding in the United States. Thus the banking business, like all other essential industry, will be engaged primarily in the war effort. That this work will be handled by our banking system on an "all-out" basis, patriotically, energetically and economically, there has never been the faintest shadow of a doubt.

NY Finance Institute Has Military Courses

Jacob Bleibtreu, member of the New York Stock Exchange, who acted as interpreter and interrogator of prisoners of war with the General Staff of the Second Army during World War 1, will give a six weeks course in "Military German" at the New York Institute of Finance, 20 Broad Street, New York City, beginning Nov. 12th. The class is open to any citizen of the United Nations who has a knowledge of German.

Burton Crane, financial writer of the New York "Times," who has spent 11 years in the Far East, will give a course in "Elementary Colloquial Japanese" at the Institute, commencing Nov. 17th.

A ten-week course in "Celestial Navigation" under Captain Theodore Nelson, U.S.N.R. Retired, will commence Nov. 16th. No previous knowledge of the subject or of higher mathematics is required. A supplementary course in aerial navigation will be open to those completing this course.

Other courses planned by the Military Training Division are "Signaling"; "Fundamentals of Radio"; Army Paper Work"; "Map and Photo Reading" and instruction in "The New Infantry Drill." Captain Paul Brown, author of "The ABC's of the I. D. R.," is conducting the drill classes on the Floor of the New York Stock Exchange. All of these courses are open to the public.

Nelson Gatch Is With Reinholdt & Gardner

ST. LOUIS, MO.—Nelson B. Gatch, partner in Gatch & Co., which is being dissolved, and several employes of that firm, have become associated with Reinholdt & Gardner, 400 Locust St., members of the New York and St. Louis Stock Exchanges and other leading Exchanges.

Last spring Reinholdt & Gardner acquired the business of Francis, Bro. & Co. and some time ago it took over O. J. Anderson & Co. and the St. Louis branch of Otis & Co.

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(ESTABLISHED 1817)

Paid-Up Capital	£8,780,000
Reserve Fund	6,150,000
Reserve Liability of Prop.	8,780,000
	£23,710,000
Aggregate Assets 30th Sept., 1941	£150,939,354

SIR ALFRED DAVIDSON, K.B.E.,
General Manager
Head Office: George Street, SYDNEY

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R. McLean Stewart Joins Pilot Training Program

R. McLean Stewart, Vice-President and Director of Harriman Ripley & Co., Inc., has been granted an indefinite leave of absence to accept an appointment with the Civil Aeronautics Administration, Department of Commerce, Washington, D. C.

Mr. Stewart's work will be chiefly in connection with the CAA's conduct of a pilot training program for the Army and the Navy.

DIVIDEND NOTICES

THE BUCKEYE PIPE LINE COMPANY
26 Broadway
New York, October 24, 1942.

A dividend of One ($1.00) Dollar per share has been declared on the Capital Stock of this Company, payable December 15, 1942 to stockholders of record at the close of business November 20, 1942.

J. R. FAST, Secretary.

NORTHERN PIPE LINE COMPANY
26 Broadway
New York, October 28, 1942.

A dividend of Thirty (30) Cents per share has been declared on the Capital Stock ($10.00 par value) of this Company, payable December 1, 1942 to stockholders of record at the close of business November 13, 1942.

J. R. FAST, *Secretary.*

DIVIDEND NOTICES

Atlas Corporation
Dividend No. 25
on 6% Preferred Stock

NOTICE IS HEREBY GIVEN that a dividend of 75¢ per share for the quarter ending November 30, 1942, has been declared on the 6% Preferred Stock of Atlas Corporation, payable December 1, 1942, to holders of such stock of record at the close of business November 13, 1942.

WALTER A. PETERSON, *Treasurer*
October 30, 1942.

CHRYSLER DODGE Chrysler Corporation DE SOTO PLYMOUTH
YOU GET THE GOOD THINGS FIRST FROM CHRYSLER CORPORATION

DIVIDEND ON COMMON STOCK

The directors of Chrysler Corporation have declared a dividend of seventy-five cents ($.75) per share on the outstanding common stock, payable December 14, 1942, to stockholders of record at the close of business November 14, 1942.

B. E. HUTCHINSON
Chairman, Finance Committee

EATON MANUFACTURING COMPANY
Cleveland, Ohio

EATON

DIVIDEND NO. 71

The Board of Directors of Eaton Manufacturing Company has declared a dividend of Seventy-five Cents (75c) per share on the outstanding common stock of the Company, payable November 25, 1942, to shareholders of record at the close of business November 10, 1942.

October 30, 1942

H. C. STUESSY, *Secretary*

OTIS ELEVATOR COMPANY

PREFERRED DIVIDEND NO. 176
COMMON DIVIDEND NO. 140

A quarterly dividend of $1.50 per share on the Preferred Stock and a dividend of 35¢ per share on the no par value Common Stock have been declared, payable December 21, 1942, to stockholders of record at the close of business on November 24, 1942.

Checks will be mailed.

C. A. SANFORD, *Treasurer*
New York, October 28, 1942.

Esso

The Board of Directors of the
STANDARD OIL COMPANY
(Incorporated in New Jersey)
has this day declared the following dividends on the capital stock, payable on December 15, 1942, to stockholders of record at close of business, three o'clock, P. M., November 16, 1942:

Regular semi-annual cash dividend of 50¢ per share; and

Extra cash dividend of 50¢ per share.

Checks will be mailed.

A. C. MINTON, Secretary
November 2, 1942

Interesting For Retail

Common stock of Fort Pitt Bridge Works offers an interesting situation for retail distribution according to a memorandum by Schulter & Company, Inc., 111 Broadway, New York City. Copies of this memorandum may be had from the firm upon request.

The Securities Salesman's Corner

A PLAN TO BUILD UP YOUR BUSINESS

PART III

When it comes to picking out situations that will prove exceptionally profitable, there is no simple formula that automatically leads to success. Long experience is by far the best asset anyone can have. After some years, you acquire a "feel" for the right "buys." You learn to sift the occasional nugget from scores of run-of-the-mine opportunities.

You disdain to run with the crowd. You become wary of telephoned "good things;" nevertheless you keep an open mind because sometimes one of those outside suggestions may have some merit—but you check and double check before you "ride." These are just a few of the things you do automatically if you have a better than average record of picking winners in the securities markets.

Here is a score card we have used and found very helpful in determining what we think of a security and its future possibilities from a statistical standpoint:

1. **Future outlook of industry.**
   Poor — Fair — Good — Improved — Exceptional.
2. **Competitive position of company in its industry.**
   Poor — Fair — Good — Improved — Exceptional.
3. **Approximate recent net earnings.**
   Lower — Steady — Improved — Good — Very good.
4. **Financial position.**
   Poor — Fair — Good — Excellent.
5. **Outlook for future earnings.**
   Poor — Fair — Improved — Good — Excellent.
6. **Dividend or income prospects.**
   None — Lower rate — Indefinite — Steady rate — Increased.
7. **Opinion of price in relation to other securities.**
   High — Reasonable — Attractive — Low.
8. **Market action.**
   Inactive — Moderately active — Volatile.
9. **Management capacity.**
   One-man company — Shifting — Seasoned and integrated.
10. **Labor relations record.**
    Poor — Fair — Good — Excellent.

Any situation that meets the requirements of "better than average" ratings on the above accounts should give a fair basis for an optimistic judgment if market conditions (timing) are favorable. You will, of course, depend upon the exactness of your research in answering the above questions if you wish to arrive at the correct diagnosis when using this "test tube" for determing security values.

In addition to intrinsic merit, every "special situation" must also be selected for purchase at the right time. Proper timing is the other half of the ingredients necessary to achieve success in picking the winning situations. We have always maintained a complete file of the daily over-the-counter quotation sheets. These sheets are kept on file for at least a year. The course of the market in a particular security is investigated by making a "run back" through the quotation sheets along the following lines:

1. Price fluctuations.
2. Volume fluctuations as evidenced by the bid and offers which appear from day to day.
3. The continuity with which certain firms appear and reappear in the market for said security. This can oftentimes be a very important clue as to the reason for a decline in trading interest in a specific security, or a resurgence of that interest. Sponsorship or the lack of sponsorship is one of the most vital factors behind trading activity, especially in the Over-the-Counter Market.

Next week, we will take up in part four of this series, some ideas for selling our customers "special situations" after we have made their discovery.

A Good Fight Won!

(Continued from first page)

Therefore it is not only because we are pleased with the decision of the SEC that we say congratulations to them—it is also because they were big enough to listen, to get the other fellow's point of view—to change their minds—that's why we believe every one in the securities business should feel encouraged over the future of their relations with the Commission.

In the months ahead other decisions must be made by the SEC which will have an important effect upon the future of the investment business. Not the least of the decisions to be made is what is to be done about the proposed "Bid and Asked disclosure ruling." Let us hope that the SEC decision in this NASD minimum capital ruling will mark a milestone in fairness and breadth of judgment, and that from here on, MEN OF GOOD WILL MAY GET TOGETHER FOR THE GENERAL WELFARE OF ALL.

Again we say, well done SEC! Well done, all of you who have aided the SEC in reaching this decision!

Sidney Vigo Dies

Sidney G. Vigo, head of Sidney G. Vigo & Co., investment firm in Chicago, Ill., and investment counselor, died at his home on Oct. 28. In the past he was an officer of the National Bank of the Republic. Interment will be in New Orleans.

Securities & Revenue Act

Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange, have prepared a booklet on year-end security transactions in view of the Revenue Act of 1942. Copies may be had from the firm upon request.

Tax Law Change Shown In Booklet

The tax treatment of capital gains and losses is completely changed in the new 1942 Federal Income Tax Law, as compared with last year's law, Buckley Brothers, 1529 Walnut Street, Philadelphia, Pa., members of the Philadelphia Stock Exchange, point out in a brief study just prepared by the firm entitled "The 1942 Tax Law."

"Instead of the old basis which defined long-term gains or losses as those taken on securities held 18 months or more, the bill lowers the time to six months," they state. "Thus gains or losses taken on securities over six months will now be long-term. On long-term gains or losses 50% can be utilized, the same as in the 1941 law for securities held over 24 months."

Other important points of the new law and how they will affect the individual investor are set forth in the study. Shown also are comparisons of the new and old schedules of payments in various income brackets.

Copies of the booklet may be had from Buckley Brothers upon request.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Proposed transfer of the Exchange membership of Frank R. Hope to John F. Maynard, Jr., will be considered by the Exchange on Nov. 12.

Perry MacKay Sturges, special partner in Halladay & Co., New York City, retired from the firm on Oct. 31.

Interest of the late Ray W. Stephenson in Merrill Lynch, Pierce, Fenner & Beane, New York City, ceased on Oct. 30.

Travers & Taylor, New York City, was dissolved as of Oct. 31.

The Exchange firm of Spero & Klauber, New York City, was dissolved as of Oct. 26.

Schafer Bros., New York City, became inactive as of Oct. 23, during the period that all active general partners are engaged in war service.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1621)

not be impartial. Today with dull markets and increased expenses such a practise is not feasible. If one expects to make money one must hold stocks for longer than a day. Of course if the position is bad one the the sooner one disposes of it the better but that is something else.

* * *

I don't think there is any such thing today as long range. This business of buying stocks and forgetting them went out when the New Deal came in. Every stock in a portfolio must be examined every week or at least every month and its action compared with the market as a whole if one is desirous of just keeping what he has without giving any thought to profits.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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NATIONAL SECURITIES SERIES
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Investment Trusts

REACTIONS TO THE NEW TAX LAW

Investment company sponsors generally were quick to recognize and acclaim the new Federal tax law for what it is—a surprisingly constructive measure, considering the difficult circumstances under which it was prepared.

The 25% maximum tax on capital gains on assets held six months or more appears to be a particularly welcome feature. For example, it is the subject of the current issue of "Keynotes", which makes the following point: "Since normal income taxes in the new bill start at 19%, many investors will find themselves in the position of paying taxes at more than the 25% rate. For many investors, long term capital gains thus assume a new importance under this bill."

On this feature, "Brevits", while emphasizing that important changes have been made in the provisions allowing capital losses as a deduction against ordinary income, points out that: "It is sitll possible for investors to effect substantial tax savings as a result of realizing both long-term and short-term losses.

"Under the new law such losses up to $1,000 may be applied toward the reduction of taxable income. Any balance may be carried forward for five years to offset capital gains, and a maximum of $1,000 of such balance may be deducted from ordinary income in each of these years. In spite of these limitations, a net loss of $1,000 can effect a tax saving of over $180 in even the lowest tax bracket because of the sharply increased individual tax rates. And of course the possible savings increase rapidly in the higher tax brackets."

Another notable improvement in the new law as it applies to investment companies is the provision allowing their shareholders to treat dividends paid out of capital gains as long-term capital gains rather than ordinary income. Thus, the maximum tax which investment company shareholders will be obliged to pay on "Capital Gains Dividend" will be 25%.

Investment Company Briefs

An interesting market "probability" is called attention to in the Oct. 29 issue of "Investment Timing." We quote from the service: "This column is concerned with the Intermediate Trend of Industrial Stock prices. But this Thursday we feel that the reader's attention should be drawn to a minor movement of considerable probability. As far back as daily averages go (1886), there has been a pronounced tendency for stock prices to rise during election week—whether presidential or merely congressional. Only twice in the 13 Federal election years since 1914 has the Dow-Jones Industrial Stock Average closed lower on the Thursday following election than it closed on the Thursday preceding election. And in only one of these two instances (1930) was the decline greater than a point. The eleven rises show a median advance of 3.14 points and an arithmetic average advance of 3.47 points. An election week advance this year might carry the Industrial Average to a new high. But the indications remain that lower prices will be seen before any sustained upward movement occurs."

National Securities & Research Corp. in a recent memorandum suggests that a new trend is indicated—from defaulted rail bonds to junior issues of solvent roads. The memorandum states:

"The Dow-Jones Index of 10 defaulted rail bonds rose from 15.73 on June 22 this year to 22.42 on Monday, Oct. 19, a rise of 43%; while the Dow-Jones Index of 10 second-grade rail bonds had a rise of only 12% in the same period.

"The sharp rise of the defaulted issues during this period left them in a vulnerable position marketwise. The weak technical position of the reorganization rails was clearly disclosed by the sharp reaction when a suggestion was made in Congress on Tuesday by U. S. Senator Wheeler that a tax of 90% be levied on capital gains realized on reorganization rail securities. . . .

"Recent market action of the defaulted bonds as compared with that of junior railroad bonds of

(Continued on page 1625)

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Municipal News & Notes

New rent schedules based on increased ability to pay are in force or in prospect for tenants of public housing projects in many municipalities, according to reports to the National Association of Housing Officials.

The higher rents, commensurate with increased tenant incomes resulting from wartime job opportunities, will enable the housing developments to go on a more nearly self supporting instead of the subsidy basis common to most of them since they were built. The rent rises make it unnecessary to evict tenants whose incomes have exceeded the limits set for continued occupancy under former rent policies.

Office of Price Administration rent regulations, freezing rents in privately owned dwellings, do not apply to the government-owned projects so long as their rents do not exceed those for comparable accommodations in the private market. Increased income and savings due to economies in operation are being used to reduce federal and local subsidies, and to establish reserves against possible post-war slumps.

More than 75% of the non-war public housing developed with federal aid has some system of graded rents by which charges are related to tenants' income rather than solely to the size or desirability of the accommodation, the Association said. Many of the recent changes in rent schedules consist of adding higher grades to graded systems already in existence.

In Louisville, for example, tenants whose incomes increased materially after they had been admitted to a public housing development have had $1.00 a month added to their rent for each $50 annual increase in their earnings, up to the highest grade which has been labeled "X". A tenant with $1,293 annual income, paying $20 a month for a three-room unit, for example, would pay up to $32 a month if his income rose to $2,150.

In Chicago housing projects, where rent has been based on the size of the dwelling, rents now will be scaled so that families with increased incomes will pay proportionately more, and those with less income, less—approximately one-fifth their total earnings in any case.

Tenants whose income has climbed to $2,500 will be permitted to remain in the Chicago housing developments under present conditions of acute housing shortage. According to the new rent schedule a family whose income had been $800, with a $22.25 a month rent, now would pay $30 rent if its income rose to $1,600. On the other hand, if income of $1,600 has dropped to $800, the $22.25 rent would be reduced to $16 a month.

The Detroit Housing Commission is considering a sliding-scale rent schedule raising the limits of annual income for continued occupancy to $2,160 for tenants not classed as war workers, and to $3,140 for war workers. Nine grades of rent are contemplated, with units assigned to families on the basis of family size. Approximately 75% of the tenants in Detroit's four occupied housing developments now earn more than the permitted maximum incomes under the present rent scale, recent survey showed.

Bond Amortization Under The New Revenue Act

In discussing the above-mentioned topic in their circular letter dated Oct. 30, Kaiser & Co., San Francisco and New York, state as follows:

The Revenue Bill of 1942, just passed by Congress, contains a provision permitting income taxpayers to deduct from their gross income an amount representing the annual amortization of the premiums on their bondholdings, the interest from which is wholly or partially taxable. This changes the basis of the tax on such interest from the coupon rate to the actual yield to maturity, which, of course, is the logical determinant. With respect to completely tax-exempt securities, the amortization of premiums is made mandatory, but no deduction, however, is permitted from gross income. This eliminates an inequitable advantage enjoyed in the past by holders of municipal obligations, whereby capital losses due to ordinary premium amortization could be taken for tax purposes, even though these losses had been offset by a portion of the tax-exempt coupons.

The most serious objection to the purchase of high premium municipal bonds in comparison with those bearing low coupons, has been that if municipal bonds became subject to the Federal Income Tax, the tax would be greater on the higher coupon bonds than on the lower, even if the actual yield bases before taxes were identical. Recognition by the Revenue Act of 1942 of this previously existing inequity removes a major hazard in the purchase of high coupon municipals, as well as proving of immediate benefit to the holders of those few outstanding high premium corporation bonds.

"A Timely Investment" Florida Municipals Discussed

Current conditions in Florida and their effect upon the security underlying Florida's municipal bonds are described in a leaflet prepared by B. J. Van Ingen & Co., Inc., New York City, entitled "A Timely Investment." Quotations from the report follow:

"The callable refunding bonds of many Florida cities (sometimes called 'Dollar Bonds') possess two characteristics which make them particularly attractive at this time: (1) there is a periodic increase in the coupon rate at from two to ten year intervals over the life of the bonds, and (2) they are now selling at a substantial discount.

"This means that at present prices these bonds offer a comparatively high current yield which becomes even more attractive as the coupon rate increases. Each such increase in interest rate should be normally followed by a corresponding increase in the market value of the bonds."

Florida's thirty training camps and the threatened fuel shortage in the north are already dawing thousands of visitors to the State, thus offsetting the shrinkage in tourist automobile traffic, according to the leaflet. The unusual demand for Florida's fruits, vegetables, meats, and dairy products "is revealing more clearly than ever before the enormous and diversified natural resources of this richly endowed state. A significant result of the war economy is that Florida's activities and revenues are becoming year-round instead of being confined largely to four or five months of the winter season."

Oxnard Harbor District Facilities Purchased By U. S. Government

Kaiser & Co., San Francisco, are authority for the information that the United States Navy has purchased all of the facilities formerly owned by the above district, subject to the bonded debt of the unit. "It is not known," the bond house says, "whether the Federal government will make any offer for repurchase of the bonds, or will just pay interest and principal as it comes due."

FLORIDA

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R. E. CRUMMER & COMPANY
INVESTMENT SECURITIES
1ST NAT BANK BLDG CHICAGO ILLINOIS

Additional Topics

The bond house also notes that the Metropolitan Water District of Southern California was formally placed upon an operating basis on Aug. 1, 1941, and in this connection there appears an informative analysis of operating results for the first 12 months' period. In addition, the firm discusses the effect of gasoline rationing on revenues of the Pennsylvania Turnpike and state that the deficiency in income "does not appear serious in view of the Turnpike's cash reserves of about $1,500,000 and demonstrated earning power of $3,152,000 in the 12 months to March 31 1942."

Bill Would Permit Taxing Of Property In War Use

The Senate Committee on finance has before it a new bill offered by Senator Claude Pepper, of Flordia, providing for the taxation for bonded indebtedness by States and their political subdivisions of real property acquired by or on behalf of the United States.

The gist of the proposal is that all real property, acquired by the Federal Government and its various agencies, such as the War and Navy Departments, shall remain subject to state and political subdivision taxation, for the purpose of "liquidation of any bonded indebtedness of such state or political subdivision in any case where such real property was privately owned at the time of the issuance of the bonds representing such bonded indebtedness, whether original or refunding bonds, to the same extent, according to its value to be ascertained under the laws of the state in which such property is located and in the same manner as other real property is taxed."

Another section provides that the Act "may be applied by the state or political subdivision in which such property is located, notwithstanding any exemption allowed by state law." Necessary funds would be appropriated to "pay the assessment of taxes permited to be made against such real property."

Local Transit Systems Seen Aided By Gas Rationing

Nationwide gasoline rationing, coupled with rubber rationing which already has brought a 50% increase in bus and street car traffic during the last year, brings to cities today their greatest transportation problems. Most important of these involve providing additional facilities for riders and speeding up of traffic movement, according to a survey of 22 representative cities by the International City Managers' Association.

Passenger traffic in the cities increased from 15% in Cleveland to 275% in Amarillo, with greatest increases occurring in smaller "boom towns." The conductor's "step to the rear, please" fails to help in many cities, and new buses and streetcars, and even new lines, have been added. Detroit, which owns its own street railway system, put on 230 new vehicles and San Diego added 161. Old equipment—both buses and streetcars—was brought back into use in several cities; Detroit, for example, renovated 150 streetcars.

Despite rising costs of operating public transit systems, caused by increased wages and additional equipment, these utilities have entered a period of prosperity through greater paying loads, reduction in stops and faster operation. Wage increases of from three to 30 cents an hour were reported by some of the 22 cities, but no fare increases were reported as effected or in prospect.

Cities Set Up Cash Reserves For Post War Use

By gaining the right from the 1942 Legislature to set up cash reserve funds, Massachusetts cities, like local governments of eight other states, are permitted to lay aside current cash now for public improvements in the future. Municipalities in most of these states are taking advantage of such laws at this time to provide financing of public works projects for employing manpower released after the war, according to the American Municipal Association.

The Massachusetts law is an emergency measure allowing municipalities to invest up to one-tenth of one per cent of their total valuation each year in defense bonds for expenditure on capital outlays after the war. No bonds held under the act may be sold prior to the end of the war.

The other states with reserve fund laws on their statute books are New York, Michigan, Washington, Kentucky, New Jersey, California, Nebraska and Oregon.

N. Y. State Finances Assembled For Quick Reference

Data on New York State finances which previously could be obtained only by references to more than a score of official publications has been assembled on one summary sheet together with explanation of various steps in fiscal procedure. The figures on budgets in their various stages, expenditures, revenue and surplus are so arranged that they may be traced through any one year or compared from year to year. The summary reference sheet, entitled Trends in New York State Finance 1938-1943 was prepared and published by the Citizens Public Expenditure Survey.

"It is essential that citizens of a democracy understand governmental operations," said L. Richard Guylay, Executive Vice-President of the Survey. "As part of its public education program the Citizens Public Expenditure Survey has endeavored to prepare an outline of State financial operations so that a layman, unfamiliar with procedure, may trace these operations. From it he may also note the changes in budget totals, total appropriations, total expenditures, revenue receipts and major tax changes. For those who wish to pursue the study of State finances farther, official publications are cited as references."

Examination of the summary sheet shows that the total of budget bills as adopted and approved has dropped from $386,460,903.55 for 1938-39 to $375,992,201.11 for 1942-43. For the same years total appropriations (which include the budget bills, legislative supplemental budget and special appropriations) have dropped from $393,462,381.84 to $380,942,572.94. Total expenditures from the general fund have declined from $396,096,832.57 for the year ending June 30, 1939, to $374,167,776.93 for the year ending June 30, 1942.

Revenue receipts, including transfers from trust funds, rose during the four completed fiscal years from $360,765,106.94 to $421,265,940.07 for the year ending June 30, 1942, but are estimated to drop to $367,519,000 during the current fiscal year because of tax reduction measures put into effect this year and last and because of the falling off in revenue from motor fuel and motor vehicle taxes.

The summary also contains brief explanation of "other funds" and of "funded debt." The latter has declined from $525,783,569.39 on June 30, 1939, to $508,311,995.90 last June 30.

References cited include the Executive Budgets, Classification of Appropriations, known as the Black Book, published by the fiscal committees of the Legislature; Appropriations and Reappropriations, the Green Book, also published by the Senate Finance and Assembly Ways and Means Committee; the annual reports of the Comptroller and the Session Laws for the respective years.

North Carolina Reports New Industry

Establishment of a concentration plant to utilize North Carolina's lithium-bearing spodumene at King's Mountain was recently announced by Gov. J. M. Broughton, according to a report from Bill Sharpe of the State News Bureau, Raleigh. The flotation concentration plant will be built by the Solvay Process Co. of Syracuse, N. Y., largest producers of alkalies in the United States, and initially will cost several hundred thousand dollars, the Governor said. Production is expected to start in the early spring of 1943.

"We are vary gratified to be able to announce this new industry for North Carolina," commented the Governor. "For years, the Department of conservation and Development has been attempting to interest industry in spodumene as well as other North Carolina minerals. This is the first commercial exploitation of spodumene in North Carolina."

42 State Legislatures To Convene In January

Foresight by State Legislatures in setting up "between sessions" commissions to investigate current problems, especially those brought on by the war, will make the task easier in planning for solution when the lawmakers meet in 1943, the Council of State Governments announced after a survey of committee assignments made in a score of States. Most of the committees and commissions will report to their Legislatures in January, when 42 State lawmaking bodies go into session. The number of committees assigned to study and report on planning and use of industrial and other resources, interstate cooperation, juvenile delinquency and un-American activities indicates the extent to which the war has emphasized these problems, the Council said.

State And Local Fiscal Problems To Be Studied

The tax institute of the University of Pennsylvania is sponsoring eight regional round tables designed to gain information on the nature and extent of State and local fiscal problems created by the war.

The regional centers selected for the holding of the round tables are Seattle, Denver, Detroit, Dallas, Jacksonville, Knoxville, Philadelphia and Boston.

Administration of the round tables is being carried out entirely by local leadership appointed by the tax institute. Outstanding civic leaders have been secured as chairmen, reporters, and steering committees in each region.

The series of round tables will

serve as a forerunner to the national symposium on "Wartime Problems of State and Local Finance," to be conducted by the tax institute at the Hotel Pennsylvania, New York City, November 27-28.

Frank C. Moore Elected N. Y. State Comptroller

Among the more fortunate results of Tuesday's general elections must be included the election of Frank C. Moore, to the office of Comptroller of the State of New York. Mr. Moore, of course, is no stranger to the municipal bond fraternity in this State, being a member of the municipal law firm of Dillon, Vandewater & Moore, New York City. In view of his long experience in matters pertaining to public finance, Mr. Moore's elevation to the extremely important post of chief fiscal officer of the State is decidedly in the best interests of both taxpayers and holders of the State's bonds. In addition, the creditors of the State's local taxing units are equally fortunate in view of the new Comptroller's intimate knowledge of local fiscal affairs. As the New York "Herald Tribune" said editorially in speaking of Mr. Moore's candidacy, "few men are better fitted by training and character for the important post of State Comptroller.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over—short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

(Ed. Note—Very few municipal bond issues of major size are scheduled for award in the near future. With expenditures for local improvements held to bare necessities by the demands of war-time policies, the prospect naturally is that for some time to come the amount of new issues coming to market will be small.)

November 10

$1,000,000 State of West Virginia.

Last sale occurred on Aug. 11, the successful bidder being a syndicate headed by Halsey, Stuart & Co., Inc., New York. A group headed by Lazard Freres & Co. submitted the second best bid.

November 17

$4,258,000 Detroit, Mich.

Previous bond offering on July 14, issue sold to syndicate managed by First National Bank of New York, Halsey, Stuart & Co., Inc., and Lazard Freres & Co. Runnerup in the bidding was the Bankers Trust Co. of New York group.

November 23

$2,500,000 Chicago Sanitary District, Ill.

In November, 1941, award was made to Northern Trust Co. of Chicago, and associates. A group formed by John Nuveen & Co., Chicago, was second high bidder.

Investment Trusts

(Continued from page 1623)

solvent companies suggests that there is some fear that a levy of some sort on reorganization rail bonds may be devised by Congress in its search for increase sources of revenue, and also indicates that there is some transfer of funds from reorganization securities to junior issues of solvent roads.

"Another factor in favor of this move is the new Tax Law permitting solvent railroads to repurchase their bonds at a discount without being subject to taxes on the differences between face value and the lower repurchase price."

The Automotive Industry is the subject of a new folder by Distributors Group, Inc. It has the dual virtue of being both attractive and full of "meat."

"Symbol of America's productive capacity, and symbol of America's peace-time greatness, the automotive industry has been conscripted into the military service of the nation." With this introduction, the folder discusses the position and prospects of the industry. Here are some excerpts from the text:

"In December, 1941, deliveries totaled $120 million plus, equivalent to a yearly output of almost $2 billion. By the end of May, 1942, production had jumped to an annual rate of $3.7 billion and in September, 1942 was at the annual rate of over $6 billion, far above the previous high ever reached by the industry.

"As fast as the industry's 986 plants have stepped up production, however, output could not keep pace with orders assigned. Steadily the total accumulated until it reached about $14 billion, according to latest figures. In all probability, the industry will, in 1943, be shipping at double its mid-1942 rate. Volume of orders, however, assures producers of capacity operations for a long time to come. Thus, as far as can be reasonably seen into the future, the industry will be running on a high plateau of work, probably around a $12 billion annual basis. This is comparable to producing 15 million passenger cars and commercial vehicles, or nearly three times the industry's previous and peace-time peak output."

The current portfolio of the Automobile Shares of Group Securities is listed and the following conclusion drawn: "At these levels selected automotive stocks appear to offer attractive opportunities for profit in view of the strong position of the industry in war and peace."

In a folder titled "Today's Tests for Investment Selection" Calvin Bullock establishes eight tests which that sponsor believes should be applied to securities selected for a diversified portfolio under current conditions. The tests—in terms of a common stock—are summarized as follows:

1. Does it provide a reasonable probability of protection against longer term inflationary manifestations?

2. Has the company relatively favorable prospects for well sustained net income during the war period?

3. Has the company relatively favorable post-war prospects?

4. Has the industry or company a well defined growth trend?

5. Has the stock established investment characteristics?

6. Is the stock selling at a low price in relation to current earnings?

7. Is the stock selling at a low price in relation to "normal" or average earnings?

8. Does the stock provide a generous yield?

The folder contains a table listing the 100 stocks currently held in the portfolio of Dividend Shares and grades them according to the tests set up. The largest number, 71 stocks representing 79.7% of the market value of the portfolio, pass test No. 1—that of being a reasonable inflation hedge. The smallest number, 48 stocks representing 54.3% of the market value of the portfolio, pass test No. 5—that of having established investment characteristics. On the whole, the 100 stocks pass the eight tests with a high average.

"New York City Banks: They Helped to Build and to Defend America" is the title of a well prepared folder by Hare's, Ltd. "American Veterans" these 15 banks are called with their average age of 95 years. Dividends have been paid without interruption over an average period of 73 years.

Dividends

New York Stocks, Inc., Board of Directors has declared the following dividends on the Special Stock of the Company, payable Nov. 25, 1942, to stockholders of record as of the close of business Nov. 5.

New York Stocks, Inc.—Special Stock	Amt. of Dividend Per Share
Agricultural Industry Series	$.19
Alcohol & Dist. Industry Series	.17
Automobile Industry Series	.11
Aviation Industry Series	.30
Bank Stock Series	.14
Building Supply Industry Series	.10
Business Equip. Industry Series	.21
Chemical Industry Series	.11
Electrical Equip. Industry Series	.15
Food Industry Series	.13
Government Bonds Series	.00
Insurance Stock Series	.14
Machinery Industry Series	.22
Merchandising Series	.15
Metals Series	.21
Oil Industry Series	.13
Public Utility Industry Series	.10
Railroad Series	.15
Railroad Equip. Industry Series	.12
Steel Industry Series	.15
Tobacco Industry Series	.14

Our Reporter's Report

(Continued from first page)

market expected and considered relatively fair.

Renewal of "Taps" Next

It may be that the answer to the question will go over for a spell, since opinion leans to the view that the next Treasury financing will involve a reopening of subscription books for its "tap" bonds.

This particular type of war financing does not involve the commercial banks since they are barred from subscribing to such offerings. Secretary Morgenthau is expected to announce such an offering within the next week or ten days.

The Victory committees which had little opportunity to work on the October bonds and notes are standing by for the call in connection with the next anticipated operation.

Reorganization Rails Hold

Notwithstanding the expectation that Senator Wheeler may be expected to go through with his projected plan to legislate the speculative profits out of reorganization securities, railroad bonds in that category have been holding firm.

They suffered a temporary setback coincident with the news that an amendment to the new tax bill, sponsored by the Senator, had that aim in mind, but failed of consideration because of the time element.

While activity has tapered off somewhat in the interval the bonds, nevertheless, have gradually worked back to within striking distance of the high levels prevailing before that disclosure, as measured by the averages.

Philadelphia Refinancing

Decision of the Philadelphia City Council on the plan put forward by bankers for refinancing the municipality's debt structure, should be along any day now.

As a matter of fact it would not be surprising to some of those who have been following the situation here since the plan was presented a fortnight ago, if the Council's decision were made known before the end of the week.

The plan as put forward by Drexel & Co., of Philadelphia, and Lehman Bros., of New York, provides for refunding a maximum of $162,296,000 of outstanding obligations.

Bankers propose to offer holders an exchange which would involve new securities with extended call dates. The same bankers managed a previous exchange offering in June, 1941, under which some $83,000,000 bonds were exchanged.

Real Estate Bond Price Average Continues Up

The Amott-Baker Real Estate Bond Price Average, covering 200 real estate issues, continued its upward trend in October for the fourth consecutive month. The increase for October was 1.5% compared with gains of 0.9% during September, 1.6% during August and 0.7% during July. The average price per $1,000 bond increased to $322 on Oct. 31, compared to $317 on Sept. 30, $314 on Aug. 31 and $302 at the close of 1941. The year to date gain for the averages was 6.6%.

Of the 200 issues used in the survey a total of 93 increased in price, 35 declined and 72 remained unchanged, during October.

Results by cities for the month showed that the New York issues (this group comprises the largest subdivision) had the sharpest gain with a rise of 2.1%. Boston and Philadelphia issues each gained 0.6%, Pittsburgh issues increased 0.4% and a group of miscellaneous issues showed no change.

Year to date results by cities showed the following gains: Boston issues 4.9%, New York issues, 5.8%, Philadelphia issues 12.9%, Pittsburgh issues 12.2% and a group of miscellaneous issues 3.4%. In the classification by type of building, hotel issues continue to show the largest year to date gain with an increase of 10.2%. The October gain for this group was 0.8%. Apartment hotel issues which were weak during the early part of 1942, have done well in recent months. This group gained 2% during October and has now cut its year to date decline from a high of 8.4% in June to 4.1%. Apartment issues enjoyed a substantial spurt in October, gaining 2.1% which increased their gain for the year to 5.9%. Office building issues were also in good favor, gaining 1.6% in October and improving their year to date gain to 8.9%. Theatre issues declined 1.1% (the only group to show a decline during the month) and reduced their year to date gain to 5.5%. A group of miscellaneous issues registered a sharp increase of 2.9% during October and improved their year to date gain to 7.4%.

The bond average is prepared by Amott, Baker & Co., Inc., 150 Broadway, New York City.

Lt. Kenneth Beall Killed

Lieut. Kenneth S. Beall, Chicago Naval Officer, who was killed in a plane crash near Norfolk, Va., Oct. 30, is to be buried in Arlington National Cemetery, in Washington, D. C. He was a partner in the firm of Cruttenden & Co., Chicago, and was on a leave of absence. He had graduated from A. V. S. at Quonset, R. I., on Oct. 15, and had reported at Norfolk on Oct. 26.

Lieut. Beall was born in Lovington, Ill., and was educated at Kentucky Military Institute and the University of Illinois. He was 39 years old. Surviving are his widow and a son, Kenneth, Jr., age 4.

Memorial services will be held in Chicago.

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UP-TOWN AFTER 3

MOVIES

If you want escape-ism with a capital "E" then don't overlook **"The Black Swan"** (20th-Fox). Based on Sabatini's novel, it's a swashbuckling yarn of pirates with patches over their eyes and cutlasses between their teeth roaming the Spanish Main, looting, burning, not to mention grabbing themselves off armfuls of pretty girls with whom to celebrate their victories over the effete Spanish and the decadent English. As an exciting movie it has enough action to fill a dozen pictures. As a romantic story it will bring sighs to the lips of modern ladies who secretly long (I'm told on excellent authority—the switchboard operator) for days when Derringdo in sword and satins prevailed. Tyrone Power, a pirate chief, goes gaga over the British Governor's daughter, Maureen O'Hara. And when Laird Cregar, as the redoubtable Captain Henry Morgan, gets a King's pardon and becomes the Governor of Jamaica, deposing Maureen's father, he makes Power his Lieutenant. Power, now a gentleman, sets off to woo her hand but she will have none of him or his riff-raff friends. She prefers a wishy-washy member of the nobility, who is secretly a spy for the pirates who still sail the Spanish Main, refusing to follow Morgan's lead into respectability. The new Governor, in danger of impeachment unless he clears the seas of pirates, sends Power off to do the job. Power sets off, kidnapping Maureen for company. But pirates, led by George Saunders, outsmart and capture him. At this point, the Hays office looks the other way. For Power, trying to get out of the mess, pretends he's married to Maureen and overlooks the Hays office dictum of the twin-bed-must. The technicolor scenes are vivid. The fight scenes, and there are plenty, will keep you on the edge of your seat. In its way, **"The Black Swan"** is every bit as heroic as was "Mutiny on the Bounty." . . . All Nazi spies are low-grade morons, particularly when they run up against that sterling American newspaperman and foreign correspondent for the Cavity Rock "Times-Ledger," Robert Young. If you don't believe it, see **"Cairo,"** MGM's latest epic which shows how our hero breaks up the Secret Six, saves an American troopship and, last but not least, wins Jeanette MacDonald. It all comes about when Young, an ardent Jeanette MacDonald movie fan, is appointed his paper's overseas correspondent. Torpedoed on his trip over, he floats on a raft, running into Reginald Owen, holding on to a log. Owen, posing as British Intelligence, is actually a Nazi spy, but Young doesn't know this. Floating to the Liberian Coast, Young agrees to look up and deliver a message to a mysterious lady in Cairo if he gets there first. The next thing we know we find him at the Viceroy Hotel in Cairo looking for a Mrs. Morrison, who favors cocktails with two cherries. And guess who is also there? That's right, his movie idol, Jeanette MacDonald, singing in the hotel. Well, sir, he thinks she is the head of the spy ring and hires himself out to her as a butler to better to spy on her. She thinks he is a poverty-stricken American and later is equally sure he is a Nazi. Their Great Awakening comes under the piano. (Never mind how they got there. It's too involved). He confesses he is an American newspaperman. She assures him she couldn't be a spy if, for no other reason than the Screen Actor's Guild wouldn't like it. In the end everything works out beautifully. They catch the real spies. They get each other. Even Ethel Waters, cast as a lady's maid of all things, gets herself an Ay-rab who isn't an Arab at all. He's just a homesick cullud boy who's yearning for Ha-a-h-lem. Oh, yes, there is some singing. Miss MacDonald does a few numbers and Ethel Waters, who deserves better, sings something about Buds Do Bud and Dew Does Dew.

AROUND THE TOWN

If you've heard **"Duffy's Tavern"** on the radio, don't confuse it with the actual restaurant of the same name at **158 W. 48th.** The only thing they have in common is the name. As the site of Billy La Hiff's Tavern, it is still one of Broadway's nicest eating places. It has the same smoky-bricked interior and the ancient rafters plus the fine food. Service, however, is not the best. But if you can spend an hour or so and like charcoaled steaks, then Duffy's is worth a try. . . . **Benito Collada's El Chico,** down in the Village, opened its new show last night headed by Belen Ortego, the Mexican soprano who parlayed a stenographer's beauty contest into an El Chico engagement, followed by a Rainbow Room success, a concert tour, and now back to El Chico. Miss Ortega sings simple Mexican folk songs beautifully. A small, dark-haired, black-eyed girl, she makes no attempt to theaterialize her efforts. She doesn't need too. Her voice is too good. Others on the program are Teresita Osta, a classical Spanish dancer; Juan Jose Saro, Mexican singer; Dorita and Valero, flamenco dancers, and the Inca Indian Trio. Juanito Sanabria and his orchestra, who do impossible things with rhumba rythms, provide the music. Incidentally, there is hardly a Spanish or Latin American entertainer who didn't start at El Chico before going on to broader fields.

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Situation Attractive

The common stock of Long-Bell Lumber Co. offers attractive possibilities, in view of the company's improvement during the past few years, with the outlook for earnings for 1942 on the common stock definitely optimistic, according to Ward & Co., 120 Broadway, New York City. Copies of memorandum No. 260, descriptive of Long-Bell Lumber Co., will be mailed by Ward & Co. upon request (ask for it by number).

Mayer In New Location

Robert C. Mayer & Co., Inc., announce the removal of their offices to new quarters at 30 Pine Street, New York City.

Fleek Named Head Of Cleve. Victory Fund

John S. Fleek, who closed his term as President of the Investment Bankers Association of America with a national conference of the Association on war finance in New York on Oct. 20, has become executive manager of the United States Treasury's Victory Fund Committee of the Fourth, or Cleveland District of the Federal Reserve System. Approval of his appointment by Secretary Morgenthau was made known in an announcement released for publication Nov. 5 by M. J. Fleming, President of the Federal Reserve Bank of Cleveland, who is Chairman of the Fourth District Committee and who pointed out that Mr. Fleek was carrying out the policy of the whole securities industry of full cooperation with the Treasury on the nation's war financing in assuming this position to direct the sales effort of investment and commercial bankers of his own community on Government securities.

John S. Fleek

At the same time it was announced that Hugh D. MacBain, who has been serving as executive manager of the committee on leave of absence from his firm, the Mellon Securities Corp. of Pittsburgh, has been required for business reasons to relinquish the position and return to the firm.

Mr. Fleek has been in the securities business in Cleveland with the firm of Hayden, Miller & Co. since 1921 and a partner of the firm since 1927. During the last war he attended the first officers training camp at Fort Benjamin Harrison, Indiana, served as munitions officer of the 158th Field Artillery Brigade, AEF, in the Meuse-Argonne offensive and the Army of Occupation, attaining the rank of Captain. He was awarded the Croix de Guerre by the 17th French Army Corps.

As President of the IBA during the first year of this war, Mr. Fleek has taken a leading part in setting up the machinery for the banking interests of the country to cooperate with the Treasury. He was a member of the National Committee of the Securities Industry for War Financing. He was also a member of the group that worked with the Presidents of the Federal Reserve Banks and Treasury officials in drawing up plans for the organization of the Victory Fund Committees.

It was explained in connection with the announcement that the Victory Fund Committees are the organization created by the Treasury in each of the 12 Federal Reserve Districts to coordinate the work of the financial men in both the commercial and investment banking fields on the Government's new securities offerings. The magnitude of their job has been made clear by official figures just issued indicating that the Treasury would have to raise money at the rate of one and a half billion dollars a week to finance the war. It is also pointed out:

"Out of a total of $85,000,000,000 expenditures budgeted by the Government for the fiscal year ending Next June 30, $78,000,000,000, or exactly $1,500,000,000 a week, is the estimated cost of the war. The excess of expenditures over receipts is estimated at $63,000,000,000, of which $3,000,000,000 will be raised through special issues to Government funds, leaving $60,000,000,000 that must be raised through borrowing from the public during the present fiscal year. Sales of War Savings Bonds are expected to provide approximately $12,000,000,000, but it will be the job of the Victory Fund Committees to help raise the remaining $48,000,000,000 through the sale of all types of Government bonds to individual and institutional investors, particularly to non-banking bond buyers."

Sees Greater Interest In Securities

Return Of The Native

As old and as real as its spirit of '76 is America's Spirit of Speculation. It was in the veins of the Colonists and the veins of the westbound Emigrants and they were unashamed of it. "I took a chance" is an American phrase that has never needed an apology. "I had a good run for my money" is an explanation that needs no explaining. Counting on this inherent spirit there is a growing expectation that some of the huge purchasing power now building will flow into stocks.* And last week there was another indication that the Spirit of Speculation, drummed temporarily out of existence by apathy on the part of the public and the tax strangulation of the rich, may soon return to its native habitat.

"New Deal Sponsors Stock Speculation" would make a startling newspaper headline. But the headline that proclaimed the $25,000 ceiling on salaries might well have contained that statement. For, coupled with the change in the capital gains provisions of the Revenue Act, the salary restriction may literally force many substantial men into speculation.

The chief deterrent to speculation on the part of the rich has, of course, been the peculiar provisions of the old law which penalized short-term speculation. Few persons would essay a speculation that had to last a year and a half to permit a decent retainable profit. Now that the period is shortened to six months, speculation is more inviting despite the 25% tax on capital gains. To Stock Exchange President Emil Schram and public-spirited Elisha M. Friedman for their efforts towards effecting this remedial change in the tax law, all investors owe thanks (together with a hope that it may be the first crumbling of the entire capital gains concept).

To many corporation executives and film stars who have been living well on their earned incomes and have been content to let their capital rest, the above and other changes in the tax law will increase the temptation to let speculative profits provide the income that the $25,000 ceiling will take away—income that personal standards of living make appear very vital to those involved.

No bull market will be created by these factors of themselves. But the general market may well broaden, and near-term "special situations" will find ready takers. And if we are right in our assumption that the Spirit of Speculation is not dead but merely languors in an economic concentration camp, even so slight a change in the securities markets may start the wheels rolling once again.

Global Earnings

Feeling a little like a man coughing during a violin recital, we venture to say that the broad, basic concept set forth by Wendell Willkie have certain commercial implications. "There are no distant places in the world anymore . . . our thinking and planning in the future must be global." If this comes to pass, a few industrial nations cannot maintain their standards of living at the expense of the rest of the world. We must be buyers as well as sellers. Our capital must be used as a weapon of peace as well as of war. And the sales managers of the mass-consumed, trademarked, low-priced goods in the manufacture of which this country has specialized will have world markets that mean more than a case or two to Bombay or Shanghai. For example, Pepsi-Cola . . . but perhaps our coughing can be controlled.—*Washington Dodge,* Arthur Wiesenberger & Co.

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*Some persons will feel this thought unfortunate since it suggests that the public will come into the market only to speculate and not to "buy sound blue chips as part of an organized savings program," etc. Our defense is that we are economic purists and believing that purchase for appreciation is not true investment and that the public buys primarily for appreciation and not income, we see nothing wrong in this when markets are regulated to prevent "inside profits" at the expense of the uninformed and unwary.

NSTA Service Flag

The following are members of the Security Traders Association of New York who are now serving in the armed forces. STANY is an affiliate of the National Security Traders Association.

Walter V. Bradley, B. W. Pizzini & Co.
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Sidney A. Siegel, Siegel & Co.
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William A. Titus, Jr., F. J. Young & Co., Inc.
Belmont Towbin, C. E. Unterberg & Co.

Horn Elected Officer Of Customers Brokers

Richard G. Horn, Peter P. McDermott & Co., New York City, has been elected a Vice-President of the Association of Customers Brokers.

Text Of SEC's Opinion Disapproving Proposed Minimum Capital By-Law Of NASD

Continued from page 1618)

A total of 1,933 votes was cast with respect to the proposal. Approximately 700 members did not vote. Of the 1,933 votes cast, 1,197, a clear majority of those voting, and approximately 45% of the total membership, voted in favor of the rule and 738 voted against it.[2]

In submitting the proposal to its membership, NASD distributed an open ballot which required a statement of the voter's firm name and the signature of its executive representative. This type of ballot was criticized by some of those who appeared before us in opposition to the rule. It has been charged that but for the open ballot the proposal would not have been approved by a majority, and it is suggested that the necessity of signing the ballot may have influenced some of the small dealers to vote in favor of the proposal or to refrain from voting at all, in order to avoid possible discrimination.

The by-laws of NASD do not expressly require a secret ballot for this type of proposal, and the Association has in the past, in submitting amendments to its membership, used the signed, open type of ballot.

Upon consideration of all the circumstances, it is our view that charges of unworthy motives in the selection of the type of ballot are unwarranted. However, we are constrained to add that it now seems, largely as a matter of hindsight, that the use of a secret ballot would have been preferable.

There has been some discussion as to what section of the Act is applicable to this case. It has been suggested that Section 15A (b) is exclusively applicable. That section permits rules which restrict membership on certain specified basis not here relevant, and on such other specified and appropriate basis as appear to the Commission "to be necessary or appropriate in the public interest or for the protection of investors and to carry out the purpose" of Section 15A. The opposing view is that Section 15A (j) applies. Under that section an amendment to the rules of a national securities association takes effect 30 days after filing, or earlier, if the Commission so directs, unless the Commission enters an order disapproving the amendment. The Commission is expressly directed to enter an order of disapproval unless the amendment appears to the Commission to be consistent with the requirements of subsection (b) and (d). Since Section 15A (j) refers us back to Section 15A (b), it is clear that whichever of the two views is sound, the standards controlling our decision on the rule are the public interest, the protection of investors, and the carrying out of the purposes of the Maloney Act. Since the substantive tests applicable are the same in any event, and since counsel for NASD has stipulated that the proposed amendment will not be incorporated into the by-laws until the Commission has had adequate opportunity to consider the proposal, it is unnecessary to determine which section is applicable.

The question for decision then, is this: Is the proposed restriction of membership in the public interest or for the protection of investors, and will it carry out the purposes of the Maloney Act?

We are completely convinced that in proposing the rule and urging us and its membership to approve it, the Governors of the NASD were actuated by no improper or hidden motives; that their only purpose was to safeguard the industry and the investor—a desirable end to which the NASD has already made notable contributions. We think also that fairness to the NASD requires us to say that when the rule was first discussed the Commission was inclined to view it favorably. This, however, was a purely tentative view, and a close study of the proposal and of the problems associated with it, and careful consideration of all the facts and all the arguments which have been presented for and against the rule have forced the conclusion that the proposed rule does not conform to the statutory standards. Therefore, we must disapprove it.

In our opinion permitting the registration of NASD, we called attention to the lack of provisions designed to insure the safe capital position of its members. National Association of Securities Dealers, Inc., 5 SEC 627 (1939). We then said:

"The Commission hopes that the applicant will undertake within the not too distant future the task of insuring itself of its members' solvency. Of course, it must be borne in mind that the Commission may find it necessary to promulgate its own rules as to the financial condition of all registered brokers and dealers, whether or not members of the Association."

Since this opinion was promulgated, the Association has been assiduous in ascertaining the financial condition of its members and has acted in a number of cases where insolvency was discovered, and it may very well be that our statement prompted the Association in some degree to propose the pending amendment. But, it will be noted, we have at all times foreseen the necessity of general rules applicable to the over-the-counter industry. We believe that such rules are necessary now and we have, therefore, adopted a rule applicable to all registered brokers and dealers in the over-the-counter market, forbidding them to permit their aggregate indebtedness to all persons, including credit balances owed customers, to exceed 2,000 per centum of their net capital. Before discussing our rule further we shall set out the reasons which lead us to the conclusions just expressed.

The proposed amendment is inconsistent with the general purpose of the Act. The associations covered by the Act were intended to be thoroughly democratic. The Act very pointedly requires the rules of an association to provide that any broker or dealer who uses the mails or instrumentalities of interstate commerce to buy and sell securities may become a member. (Section 15A (b) (3)). It affords to brokers and dealers refused admission, suspended, expelled or otherwise disciplined, the right to appeal to us. (Section 15A (g)).

Chief Justice Eicher, formerly Chairman of this Commission, while a member of the Committee on Interstate and Foreign Commerce of the House of Representatives, and Chairman of the subcommittee charged with the consideration of the Maloney Bill, stated for the Committee in its report on the bill:

"The broad purpose of this paragraph (Section 15A (b) (3)) is to make sure that all brokers and dealers who conduct an honest and responsible business shall be eligible for membership in some association."[3]

Former Commissioner Mathews stressed to the Senate Committee charged with the bill the importance of "open membership" in associations. He pointed out that membership:

"... is a valuable business right, and if it is to be given to members of these associations and to the associations as such, for the guidance of members, it is important that we do not have a monopolistic association. The association must be open to the fellow who is willing to conduct his business decently."[4]

According to the NASD's own estimate, adoption of the rule may result in the expulsion of over one-fourth of its membership. To permit that result we should find clear authority for the rule in the statute. The Maloney Act provides no express basis for rules prescribing capital requirements as a condition of membership and its legislative history makes it quite clear that Congress specifically rejected minimum capital requirements as inappropriate for national associations. The Senate Committee on Banking and Currency, while considering the Maloney Bill, was presented with an express proposal to prescribe capital requirements[5]. No such requirement was incorporated into the Act. The failure to do so was, without doubt, deliberate. The necessity of broad membership basis had been specifically brought to the attention of Congress. That Congress regarded such requirements as appropriate for general application is indicated by the fact that, contemporaneously with the passage of the Maloney Act, Congress enacted Section 15 (c) of the Securities Exchange Act. That section authorizes the Commission to prescribe capital requirements of general application in the over-the-counter securities industry.

Further, Sections 15A (b) (1) and (2), applicable to this case, require that an association have a sufficient "number of members" and that it be "so organized" and "of such a character" as to comply with the provisions and carry out the purposes of the Act. The expulsion of small firms and the limitation of the NASD to representation of larger firms is an inevitable result of the proposed rule, and the loss of so large a segment of its membership, merely because the firms are small, vitally and adversely affects the organization and character of the NASD as representative of the over-the-counter industry. No matter what state jurisdictions and exchanges may require, the legislation to which a national securities association must conform clearly intends that size shall not be a criterion of selection of membership or a basis of distinction in bringing to investors the advantage of cooperatitve regulation.

The Commission's Rule

The need for general rules to achieve customer protection against financially unsafe brokers and dealers has been apparent to us for some time and we believe this an appropriate occasion to announce our rule under Section 15 (c) (3). That section provides:

"No broker or dealer shall make use of the mails or of any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security (other than an exempted security[6] or commercial paper, bankers' acceptances, or commercial bills) otherwise than on a national securities exchange, in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors to provide safeguards with respect to the financial responsibility of brokers and dealers."

Under this section the Commission may choose between various methods of providing for financial responsibility. It can, as the NASD has proposed to do, require brokers and dealers to maintain a fixed minimum net capital. On the other hand, it can, as it proposes to do, require the maintenance of a ratio of 1 to 20 between net capital and aggregate indebtedness. In making its choice of methods the Commission is motivated by a number of factors.

First, in dealing with the problem of financial responsibility as it relates to members of national securities exchanges and brokers and dealers who do business through such members, Congress has used the ratio method and it has prescribed a ratio between net capital and aggregate indebtedness similar to that provided in our rule. Section 8 (b) of the Securities Exchange Act of 1934 provides that:‘

"It shall be unlawful for any member of a national securities exchange, or any broker or dealer who transacts a business in securities through the medium of any such member, directly or indirectly to permit in the ordinary course of business as a broker his aggregate indebtedness to all other persons, including customers' credit balances (but excluding indebtedness secured by exempted securities), to exceed such percentage of the net capital (exclusive of fixed assets and value of exchange membership) employed in the business, but not exceeding in any case 2,000 per centum, as the Commission may by rules and regulations prescribe as necessary or appropriate in the public interest or for the protection of investors."

Secondly, whatever might be said for the benefits of the minimum capital rule as a safeguard against insolvency, any standard of net capital so adjusted as to permit small, honest brokers and dealers to remain in business might be totally inadequate in many cases.[7] For example, a net capital of $5,000 means little in the case of a dealer whose liabilities run into millions.[8]

The argument has been made that some minimum capital requirement should exist which will be applicable to all brokers and dealers who do business with the public and which will, in effect, place a floor under financial responsibility. We do not need to decide the merits of this argument. The Commission is not now in a position to determine what fixed minimum capital should be prescribed without running a grave risk of needlessly penalizing certain brokers and dealers who could not meet the standard. A fixed minimum capital requirement which is adequate for a firm whose business is conducted entirely on a cash basis and in small volume might be inadequate for a firm which does a general type of business, including the carrying of customers' margin accounts and the holding in safe-keeping of customers' cash and securities. An appropriate fixed minimum capital for dealers who do business in one of the large industrial communities might be entirely inappropriate for those whose population is largely rural.

The problem of a proper minimum capital for brokers and dealers has been met in part by the laws of the various States, some of which impose such requirements on persons doing business within their jurisdiction. This approach to the problem by regulatory bodies familiar with local needs, combined with a ratio requirement by the Commission, may be shown by experience to be the best method of handling a troublesome question. In this manner local necessity for a minimum capital provision may be met by local requirements supplemented by an over-all rule of the Commission which would vary the need for additional capital with the type of business conducted and the amount of commitments and other liabilities of brokers and dealers.

Moreover, the Commission, in collaboration with various State commissioners and representatives of the securities industry, has prepared, and is about to promulgate, Rule X-17A-5 which will require that all registered brokers and dealers file with the Commission at least once a year a financial statement which in some cases must be certified by an independent accountant. The reports received under this rule will, for the first time, afford us an opportunity to study the financial condition of all registered brokers and dealers and the knowledge thus obtained should be extremely helpful if, at some future date, the Commission determines that the public interest requires change in

(Continued on page 1631)

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[2] Of the 738 who voted against the rule, 691 represented firms whose personnel consisted of from 1 to 15 persons. Of the 700 who did not vote, approximately 530 represented firms whose membership consisted of between 1 and 6 persons. Thus it appears that a large number of those not voting represented small firms.

[3] H.R. Rep. No. 2307, 75th Cong., 3rd Sess., May 6, 1938, at p. 7.

[4] Hearings before the Senate Committee on Banking and Currency, on S. 3255, 1938, at page 20.

[5] Hearings before the Senate Committee on Banking and Currency on S. 3255, 75th Cong., 3rd Sess., p. 85, statement of James J. Minot, Jr.

[6] The term "exempted security" is defined in Section 3 (a) (12) to include (among others) certain obligations of the United States and—
"securities which are direct obligations of or obligations guaranteed as to principal or interest by a state or any political subdivision thereof or any agency or instrumentality of a state or any political subdivision thereof or any municipal corporate instrumentality of one or more states."

[7] It has been noted that a requirement of $5,000 net capital might cause cancellations of the membership of more than ¼ of the present membership of the NASD.

[8] It should be noted that no insolvent broker or dealer can comply with a requirement that he maintain a ratio of net capital to indebtedness. Guy D. Marianette, 11 SEC—(1942), Securities Exchange Act Release No. 3281.

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IBA Opposes SEC Price Disclosure Rule As Not In Public Interest, Impractical, Unworkable

(Continued from first page)

call meetings of members to discuss the proposal and to send to the office of the Association "any expression of attitude or opinion coming out of such meetings." Request was also made of individuals in member firms to send their reactions to the Association.

In reply, the Association has received reports and letters from every part of the country and from every type of securities dealer represented in our membership. Included are underwriters, distributors and traders, large and small, members of national stock exchanges, including approximately 60 members of the New York Stock Exchange. Reports were received from each of the Groups. Approximately 350 letters of comment have been received from individuals. Through reports and letters, comments have been received from better than 90% of our members. Every one of their communications has been carefully read and the attitudes expressed are taken into account in framing our reply to the proposal.

Most of our members assume that the proposed rule is directed at the problem of so-called excessive spreads or unconscionable profits. Quite a few refer to "riskless transactions." They are unanimous in their willingness and desire to help eliminate excessive spreads or unconscionable profits in a reasonable and practical way. There appears not the slightest disposition to contend that there is no occasion to examine the problem. They are also unanimous, however, in the opinion that the proposed rule would be:

(a) Against the public interest.
(b) Impractical and unworkable.

The Proposed Rule

"Disclosure of Market Price

"(a) General Provisions.—The term 'manipulative, deceptive, or other fraudulent device or contrivance' and the term 'fraudulent, deceptive, or manipulative act or practice' as used in Sections 15 (c)(1) and 15(c)(2), respectively, of the Act are hereby defined to include any act of a dealer designed to effect a sale to or a purchase from a customer, by such dealer, of any security unless such dealer, at or before the completion of each such transaction, discloses to such customer in writing—

"(1) (A) the best independent bid and asked prices for the security at the time of the sale or purchase which the dealer is able to ascertain upon the exercise of reasonable diligence; or

"(B) the best independent bid or asked price at such time, if the dealer, after the exercise of reasonable diligence, is unable to ascertain both a bid and an asked price; or

"(C) if neither such a bid nor such an asked price can be obtained after the exercise of reasonable diligence, the price at which the dealer was able to acquire the security in that bona fide transaction which is closest in point of time to the proposed sale to or purchase from the customer, but which is not more remote than 60 days prior to such proposed sale or purchase, provided, however, that if the dealer has had no such transaction he shall make the disclosure required by Paragraph (2) hereof; and

"(2) if the disclosure is made pursuant to (B) or (C) of paragraph (1) hereof, the fact that after the exercise of reasonable diligence he was unable to acertain a current independent bid or asked price, or both, as the case may be.

"(b) Nothing in this rule shall be understood as preventing any dealer from stating in the written notice required by paragraph (a) hereof (1) that the bid and asked prices so disclosed apply to an amount of the security less than that sold to or purchased from the customer, if such be the fact; (2) that the information pertaining to the bid and asked prices disclosed to the customer has been obtained from sources believed to be reliable, if such be the fact, but that he is not able to state that a transaction could be effected at the disclosed price or could not be effected at a better price; and (3) any other fact, not inconsistent with the purposes of this rule, which the dealer may wish to disclose.

"(c) Records to Be Kept.—Every dealer who make a disclosure pursuant to paragraph (a) (1) of this rule shall make and preserve a record of (1) the information so disclosed; (2) the date and time as of which such bid and asked prices were current; (3) the sources of the information disclosed; and (4) the date and time such information was obtained.

"(d) Exemptions.—This rule shall not apply to the following:

"(1) any transaction in a security during the 30-day period following the date on which the security is first publicly offered, provided that a registration statement is in effect as to such security under the Securities Act of 1933, as amended, and provided further that the dealer, in connection with such transaction, gives to the customer the prospectus required by that Act;

"(2) any transaction effected on a national securities exchange;

"(3) any transaction which is a part of a secondary distribution approved by a national securities exchange and which is effected during the course of such distribution; and

"(4) any transaction in an exempted security, provided, however, that no transaction in an exempted security which is a direct obligation of or an obligation guaranteed as to principal or interest by a State or any political subdivision thereof or any agency or instrumentality of a State or any political subdivision thereof or any municipal corporate instrumentality of one or more States shall be exempt from the provisions of this rule unless such transaction occurs in the course of a public offering of such security by the issuer thereof."

Text of Subsections (c) (1) and (c) (2)

Subsections (c) (1) and (c) (2), cited as the basis for the proposed rule, are as follows:

"(c) (1) No broker or dealer shall make use of the mails or of any means or instrumentality of interstate commerce to effect any transaction in, or to induce the purchase or sale of, any security (other than commercial paper, bankers' acceptances, or commercial bills) otherwise than on a national securities exchange, by means of any manipulative, deceptive, or other fraudulent device or contrivance. The Commission shall, for the purposes of this subsection, by rules and regulations define such devices or contrivances as are manipulative, deceptive, or otherwise fraudulent.

"(2) No broker or dealer shall make use of the mails or of any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security (other than an exempted security or commercial paper, bankers' acceptances, or commercial bills) otherwise than on a national securities exchange, in connection with which such broker or dealer engages in any fraudulent, deceptive, or manipulative act or practice, or makes any fictitious quotation. The Commission shall, for the purposes of this paragraph, by rules and regulations define and prescribe means reasonably designed to prevent such acts and practices as are fraudulent, deceptive, or manipulative, and such quotations as are fictitious."

We have been told this proposed rule is a proposal of the Commission staff and not of the Commission itself. We assume, therefore, that the purpose of inviting this Association to submit comments and suggestions was to get the considered opinion of those experienced in the business on the effect the proposed rule would have upon the securities business and the public interest.

Accordingly we submit our comments in the light of the combined many years of experience of the membership of the Associations, with our analysis and conclusions.

The Rule Would Be Against the Public Interest

In view of the effect the proposed rule would have on investors, securities markets and securities dealers, it is against the public interest.

1. Bid and Asked Price or Market Price Not Indicative of Value

A "disclosure of market price," as commonly known to the trade, is little and, in many instances, no index to the actual value of the security. Bid and asked prices and even the so-called market price of any security are subject to many factors which vary greatly with events, time and place. Even rumors, at times unfounded and unjustified, affect the bid and asked price as well as the market price. These are nothing more than a single factor in judging the value of the security and then only when in the hands of those definitely experienced in such matters. Even the so-called market value of a security frequently has no more than a remote relationship to the actual value. To illustrate, it rather frequently happens that a given bond selling over-the-counter or on a stock exchange market, with an occasional transaction of one, two or three bonds in the usual course of business, sells off five to ten points when a large block of the same bonds is thrown on the market suddenly and without a program of orderly absorption of the entire block. To disclose the latter quoted low price or sales price in a subsequent transaction in the same security, although it may be the best bid or market price ascertainable at that time, may be deceptive and to the extent that it is deceptive, tends to work a fraud.

The interest of the holders of other of the same issue of securities must not be forgotten if the **public interest** is to be considered. To compel the disclosure of such an unusual and, not infrequently, abnormal, bid price or, perchance, actual sale price, under official sanction that such disclosure is to have, might be taken as evidence of value and so may be against the interest of other holders, a reflection on the credit of the issuer and definitely against the public interest.

There are other kinds of isolated transactions in which the price paid reflects wholly transient influences. In such instances the dealer would be required by the rule to take steps which in reality might be conducive to deception and fraud.

2. The Rule Would Be Expensive.

That the proposed rule would entail great additional expense is apparent.

The **best** bid and asked price must be given without regard to location or section of the country in which the **best** bid or asked price is to be found. It would entail many additional telephone calls, a great many of them at long distances, sometimes across the continent, to assure a dealer that the bid or asked price disclosed **is** the best. Inquiries may not be made of any one firm for the reason that such would be no evidence of having canvassed the field to ascertain whether there is a better bid or asked price. Something more than that is necessary to meet the reasonable diligence requirement. The extra use of communication facilities would, of course, be particularly undesirable at this time.

The proposed rule would require a dealer "at or before the completion of each such transaction" to disclose to such customer in writing—

"(1) (a) The **best independent** bid and asked prices . . . the dealer is able to ascertain upon the exercise of **reasonable diligence**; or (b) the **best independent** bid or asked price . . . after the exercise of reasonable diligence."

The dealer would need to make a record of the information disclosed, the date and time as of which such bid and asked prices were current, the sources of the information and the date and time such information was obtained. And that is not sufficient. The dealer is required to use reasonable diligence to ascertain the best independent bid and asked price wherever that independent bid and asked price might be. These requirements all are integral parts of the rule. Violation of any one of such parts would constitute a violation of the rule, having the force of law, and thereby render the dealer amenable to the civil and criminal penalties of the act itself.

Being required to disclose the best bid and asked price, and being required to keep a record of the facts so disclosed ,and being required to assure himself that the bid and asked price disclosed is **independent,** the dealer as a practical matter, would also be obliged to keep a similar record of all other bid and asked prices consulted, the extent of his research efforts and the information thereby ascertained, in order to be able to prove at any later date that the price so disclosed was in fact independent, and was the best bid and asked price.

In many instances the cost of such research and of making necessary records would be greater than the normal and presently customary spreads or profits. Such costs would be prohibitive to many dealers, particularly so in smaller communities and for smaller dealers at a distance from the major markets and with limited facilities for obtaining the required information.

3. Markets Would Be Restricted and in Some Instances Destroyed.

A large number of the dealers who responded to our request for opinions and reactions indicated that the additional cost of operating under the proposed rule would render continued conduct of the business definitely unprofitable, requiring their retirement from business. According to the statements made, many small and middle sized firms would feel obliged to close shop. This is particularly true in smaller communities where the number of dealers is limited and where a liquid security market depends upon a comparatively small number of dealers. The resulting restricting of such markets would be detrimental to the interests of local holders of securities, to smaller commercial banks and insurance companies, and possibly to the credit standing of numerous small industrial enterprises or municipalities.

4. Bank and Insurance Stocks Would Be Injured.

The fear is expressed in many quarters that in operation the proposed rule would have an injurious effect upon the market for the stocks of insurance companies and of commercial banks. Bank stocks are "exempt securities" under the provisions of Section 3 of the 1933 Act. Neither the banks nor the insurance companies appear to have believed it advisable to list their shares on national securities exchanges. These two classes of securities, therefore, constitute one of the important segments of the over-the-counter market.

The difficulies which would have to be faced in attempting to operate the proposed rule might cause trading facilities for these two big and important classes of unlisted securities to diminish, resulting in substantially lower price levels for these stocks. We question the wisdom of any action at this time which might drastically lower market values of ownership in the two industries which must bear the brunt of financing the war. If bank stockholders and insurance stock owners find their market values crumbling and bombard their managements with anxious questions, such managements will not be so inclined to stretch their resources to buy as many government bonds as possible. This aspect of the matter should receive the careful consideration of the Commission.

5. The Rule Would Tend to Destroy the Value of Certain Securities.

The realizable value of securities frequently depends upon the existence of a ready market. In those instances and those communities where, by reason of the additional cost, the dealer would find it unprofitable and impractical to remain in business, the ready market of securities local to that community would be adversely affected and in some instances destroyed. The market on many small local issues of securities is made and maintained by a dealer local to that community who is familiar with all the facts and circumstances which go to make up the value of local issues and who thereby is able to find buyers for securities which otherwise would have little or no access to ready markets at all. Whatever destroys the marketability of a security in part destroys its value. If this rule is adopted, it will make a mockery of the "decentralization" of markets. The small dealers throughout the country would be the first casualties. That would not be in the public interest.

The Rule Would Be Impractical and Unworkable

1. A Number of the Provisions Are Conducive to Confusion.

The rule is uncertain and indefinite in many particulars. It crease contingent liabilities impossible of determination. This is particularly true as to such terms as "independent", "bid and asked price", "reasonable diligence", "best bid and asked price", etc.

(a) What is meant by **independent** bid or asked price? Does it mean independent of the particular dealer involved, independent of the issuer, independent of anyone interested in the market of such securities? How must a dealer or broker determine the quality of independence and what degree of proof must the dealer or broker have to meet the obligations imposed? If independence of anyone interested in the markets is the standard of test, no quotations could be regarded as reliable and no proof of independence could be had.

The dealer being required to quote "independent" bid or asked prices, he must necessarily have evidence that such quoted prices are in fact independent. This makes it necessary for the dealer in making inquiries as to bid or asked prices, also to inquire as to the "independent" character of the bid and asked prices he may be given. He cannot rely upon a quotation published in the newspaper unless he knows the source from which the quotation is obtained and the independent character thereof. To be able to prove the independent character of markets he quotes, the dealer would be obliged to maintain a record of the nature of his inquiries as to such independence. A dealer could not under any circumstances in duty to his own protection and that of his firm, assume that any quoted price was an "independent" price.

(b) What bid and what asked price is required? Is it the wholesale bid and asked price; that is, is it the so-called inside bid and asked or the outside? If one or the other, must the dealer so designate to avoid confusion and, more particularly, to avoid a charge of misrepresentation or deception, an element far more pertinent to actual fraud than any absence of price disclosure whether it be market price or bid and asked price.

If a dealer is required to quote the best bid and asked price, he must know what bid and asked price is to be regarded as the best. He cannot assume that either the inside or outside price is and will be the best price so to be quoted. Can the dealer assume that all or either of such bid and asked prices are bona fide? At least he would be required to use reasonable diligence such as would induce the belief that they were bona fide and being so required and having done so, it would be necessary to make and preserve a sufficient record to prove his good faith efforts.

(c) What constitutes "reasonable diligence" as applied to the requirements here proposed? Although there are many court decisions which, for the purpose of the facts and the issues then involved, define "reasonable diligence", here the term is to be applied to a set of facts and a breadth of situations never yet authoritatively determined. Reasons for this query are so numerous as to preclude any necessity to enumerate them.

(d) What is the full import of the requirements for the "best" bid or asked price? In the language of the business the best available bid or offer in the immediate vicinity of the dealer is not difficult to ascertain. But a better bid or asked price might be had in some distant part of the country. One of the difficulties of the proposed rule revolves around the fact that market conditions differ widely in various parts of the country. The four corners of the country, alone, are the limits to the possible extent of the inquiry. Unless it is possible for a dealer to determine with some degree of exactness what is required by the rule, he cannot carry on his business except at the hazard of incurring liabilities far too great to warrant engaging in business at all.

(e) Is the disclosure of the "price at which the dealer was able to acquire the security in that bona fide transaction" not more than sixty days prior thereto, an element for determining fraud, deception or manipulation? The price paid for a block of securities frequently does not include the total cost to the dealer. There may be and frequently are other items of total cost which must first be absorbed before there is any profit. Frequently to quote the "price paid" without explaining other items and elements of total cost would be most misleading. After all, is not a fair price for the security based upon the accepted standards for determining its investment value, the measure of fair dealing? If the dealer acquired a security under honest circumstances which netted him a bargain price, is the dealer duty bound to pass the bargain on to the customer? If an investor acquired a security for investment at an investment price, without actual deception, manipulation or other fraudulent practices, are there any misdeeds to be condemned or bad practices to be regulated?

To illustrate this point, an actual circumstance has been related substantially as follows: a small rural bank had in its portfolio a considerable block of securities of a rural municipality which temporarily had defaulted on the interest payments. The bank was required to remove the bonds from its portfolio. To do this the bank applied to a local dealer known to be familiar with the securities of that part of the country. The dealer satisfied himself that the default would be cured in due course and that the bonds would be paid on maturity, in other words, that the credit of the municipality was entirely sound. It was found, however, that when the bonds in question were issued no merchantable attorney's opinion had been obtained and that in order to redistribute the block of securities, it would be necessary to cure that deficiency. The dealer got an acceptable opinion at his own expense so that the block of securities could be taken out of the bank portfolio and resold to the best interest of all. The investigation and the curing of defects required different trips to the municipality, considerable reseach to determine the ultimate sound status of the security and, in addition, the expense of the necessary attorney's opinion. The bank then made a price to the dealer at a discount which enabled the dealer to sell the securities at a fair price to investors, absorb the incidental expenses and earn a fair profit for himself.

In this case, to have quoted the purchase price of the security would have indicated an excessive spread and inferred an unconscionable profit. To have made detailed explanation of all the steps necessary to cure the deficiency would have been confusing to the purchaser.

As to the practicability and workability of this rule, we quote from a prominent eastern firm which is a member of the IBA, the NASD, the New York and other stock exchanges, as follows:

"This Rule is apparently based on a fundamental fallacy—that bid and asked prices, as ordinarily given in the business, are actual prices upon which transactions are based. This is not so because the majority of such quotations are given over the telephone by traders and the one seeking the quotation accepts it as a guide rather than an actual bid, the result being that transactions are frequently effected between the quoted prices or even outside the limit of the bid and asked quote. The result of such quotations is usually to incite a firm offer to buy or sell and is usually accepted or rejected as a trading matter. When both parties agree on a price the transaction is, therefore, effected at a price which is not either the original bid or asked price. This may be due to the size of the market quoted but it is not necessarily so and is generally merely an exposition of the trading priciple between buyer and seller. Hence a rule which purports to advise the customer of the best independent bid and asked prices could not be effective under the present custom of the trade.

* * *

"The foregoing comments refer to the effect upon dealers and are not conclusive as to the merits or demerits of the Rule from the standpoint of the public. It appears, however, that because of the effect on dealers as described above, there would be definite reactions upon the public in the following ways:

"a) Thousands of securities now traded over-the-counter would suffer in marketability and therefore in collateral value.

"b) Securities of small companies unable to register on a national securities exchange would still be distributed originally through registration with the Securities and Exchange Commission and thereafter there would be little or no incentive for trading in them and the purchaser would have great difficulty in their disposition if it is desired to raise cash.

"c) The general market for over-the-counter securities would be disrupted by the elimination of many dealers from the business and the market in specialty securities, such as bank and insurance stocks, would be controlled by relatively few large houses able to carry an inventory.

"d) The information required is practically impossible to obtain in municipal issues and the market therein would have to be reorganized.

"Generally speaking, it is believed that present holders of unlisted securities would suffer materially during the readjustment of markets and thereafter spreads would be even larger than they are today as the auction principle would be largely abandoned by the consolidation of the business in fewer hands. Many houses not financially able to risk carrying inventories would go out of business irrespective of the standards they maintain.

"The main result of such a Rule would seem to be—

"1. Elimination of many dealers who trade principally in inactive securities of small companies.

"2. Disruption and stagnation of markets in securities and consequent loss to investors in case they are forced to sell."

And again from a middle western firm, also a member of the IBA, the NASD, New York, and other stock exchanges, we quote:

"In reply to your letter of July 29, 1942, regarding proposed Rule X-15-C1-10, our experience has been that it is not always possible to supply bid and asked prices on time limit of 60 days prior to sale or purchase on over-the-counter business and in addition might be very difficult to prove the source over this period of time. Many times quotations are merely nominal and others for very small amounts which do not indicate a real market. Quotations may originate from some source which can not be substantiated at a subsequent date in over-the-counter transactions and it might be impossible for the broker effecting the trade to prove to the satisfaction of all that these were the best quotations in the market at that time."

And again, from another midwestern firm with like memberships, we quote:

"The apparent reason for the above rule is to protect the customer against the payment of excessive prices for over-the-counter securities by advising him of the current street market. This purpose may be accomplished in a minority of instances, but in the great majority of over-the-counter investment transactions it will have the effect of leading the customer to believe that he is overcharged on his purchase and create dissatisfaction.

* * *

"There is no service which is thoroughly dependable in this respect, and the National Quotation Sheets can not be pointed to as authoritative markets as we have them today. Many quotations in this service are nominal, while many others are merely put in there by trading houses to attract bids and offerings. The investment dealer in a small city who does not have access to wire services and who very often is not a subscriber to some national service would only at excessive cost be able to determine what was the bid and asked of all transactions at the time of execution. If it were stated, as it should be in many instances, that the market was nominal and only a negotiated market, as is true in so many cases today, it would have a tendency to discourage the buyer, while, on the other hand, the market might be nominal one day and very actual the next.

* * *

"The effect of this rule on the general unlisted market would be to widen the spreads so that the buyer or seller would not have as active a market as heretofore, to create less interest in outstanding securities, and make it more difficult to float new capital issues for smaller companies on account of the fear of not being able to maintain a satisfactory secondary market interest. Those dealers who are able to stay in business would be driven to the exclusive sale of whatever new issues existed, investment trusts, secondary distributions, etc., which may not by any means meet the best needs of their customers."

A fourth firm which is also a member of the IBA, the NASD and the New York and other stock exchanges and from the west coast, writes in part as follows:

"Out of a total of something over 65,000 to 70,000 securities in existence throughout the country, we understand only about 6,200 issues are actually listed on one or more national security exchanges. It is vital that the tremendous volume of unlisted issues have sponsorship both as regards to the preparation and dissemination of information to the public and with regard to the making of markets thereon. Dealers must be compensated for efforts in this direction. The only way such compensation can be proper and adequate is through a just merchandising profit represented by the spread between the wholesale and retail market. In our opinion, the proposed new rule would destroy the market for over-the-counter securities to the great detriment of the public.

* * *

"Without an adequate profit motive, sponsorship of over-the-counter issues will disappear and markets disintegrate. With the destruction of these markets, the approximately 65,000 companies represented by these issues then lose all access to any responsible capital market and their primary means of development and growth."

Stock Market Comments

(Continued from page 1620)

surtax for domestic companies operating in the Western Hemisphere; (3) substitution of 75% of the average of the three other base years for a year of poor earnings or of no earnings in determining the excess profits tax credit; (4) exemption from excess profits tax for earnings from mining strategic metals, such as vanadium, nickel, tin, etc.; (5) an artificial and more favorable average earnings base for companies with a poor earnings record in the 1936-39 base years; (6) use of the post-war credit to retire debt—and other similar provisions.

That Skip Year

Whether it is advisable to establish a taxable profit this year rather that next year depends upon the particular circumstances involved.

It might be well to point out, however, that next year's treatment of capital gains can hardly be any more favorable than this year—and if the war should go badly so that far greater sacrifices would be required from everyone, then obviously tax rates not only on capital gains but upon all kinds of income would be higher.

However, there is another point to consider—namely, the so-called Ruml plan. Under this plan income tax payments by individuals would be placed on a current basis by having the 1943 payments apply to the taxes due on income in that year. The payments made in 1942 would apply to the 1942 income rather than the 1941 income. According to the original proposal, the tax due on the 1941 income would be skipped, although the same result could be accomplished by skipping the taxes on 1942 income, a procedure which apparently the Treasury would prefer if it accepted the plan at all.

Of course, if 1942 income is skipped, it would be a windfall for all those taking profits this year. Needless to say, any such action by Congress, if taken, would not come until next year and could be made retroactive to 1942.

And as for the treatment of capital gains and losses in the 1942 bill, the fact that should not be overlooked is that it is about the most favorable on record when judged in relation to the levies on ordinary income.

What You Get for Your Money

With the 1942 tax bill finally out of the way, corporate earning power for the year can be estimated with a fair degree of accuracy.

Many stocks are selling at fairly high levels in relation to indicated war-time earning power, while many others appear to be very low. For instance, take some similarly situated companies in the auto parts group, viz: Briggs (selling around 20), 1942 earning power is estimated at around $2.30 per share, has paid $1.50 in dividends thus far this year, and has an indicated post-war credit of about 25 cents, whereas Doehler Die Casting (selling around 23) will earn about $4.00 this year, has paid $1.50 in dividends, and has an indicated post-war credit of $1.50; also consider Timken Roller Bearing (40) with 1942 earnings of around $3.30, and dividends paid thus far this year of $1.25 and a post-war credit of $1.20, contrasted with Spicer (3) with earnings this year of around $9.00 and dividends paid thus far of $3.00 and a post-war credit of nearly $3.75; also note Electric Auto Lite (29) with 1942 earning power estimated at around $3.00 and dividends paid of $1.75 and a post-war credit of 65 cents, contrasted with Timken Detroit Axle (28) with indicated earnings of around $8.00 and dividends paid thus far this year of $2.50 and a post-war credit of about $3.10.

In the aircraft group note Sperry (26) with earnings of around $2.90 and dividends paid thus far this year of 75 cents and a post-war credit of $1.10, as against United Aircraft (28) with 1942 earnings of around $4.25 and dividends paid of $1.00 and a post-war credit of $2.60. And in electrical equipment field note General Electric (29) with 1942 estimated net of around $1.80 and dividends paid thus far of $1.40 and a post-war credit of 60 cents, contrasted with Square "D" (34) with 1942 earnings of around $5.80 and dividends paid of $1.50 and a post-war credit of $2.50. And in the beverage field note Coca-Cola (80) with 1942 earning power at around $4.60 and dividends paid thus far this year of $2.25 and a post-war credit of 25 cents, against Pepsi-Cola (24) with this year's earnings of around $2.70 and dividends paid thus far of $1.50 and a post-war credit of about 20 cents.

Numerous other illustrations could be cited, such as Phelps Dodge (26), earning around $2.65, and Anaconda (26), earning around $4.70; International Harvester (52), earning around $3.25, and Deere (23), earning around $3.15; Parke Davis (24), earning around $1.50, and McKesson & Robbins (12), earning around $1.50; Superheater (12), earning around $1.20, and Continental Roll & Steel (11), earning $9,00, and so forth.

Of course there are other considerations to take into account besides earning power. However, it is obvious that there are many advantageous exchanges which can be made in the present market. The thing to do is to look around a bit and get the most that there is for your money.—*G. Y. Billard*, J. R. Williston & Co.

Calendar of New Security Flotations

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

MONDAY, NOV. 9

JEFFERY BOULEVARD BUILDING CORP.

Jeffery Boulevard Building Corp. through voting trustees has filed a registration statement with the SEC for voting trust certificates covering 1,471 shares of preferred stock, par value $100 per share, and 163 shares of common, no par value

Address—10 South La Salle St., Chicago

Business—Apartment building

Offering—To be issued in connection with the extension of a voting trust agreement for a period of seven years from Aug. 15, 1942, to August 15, 1949, unless continued for a longer period by the affirmative vote of holders of 51% in amount of the outstanding voting trust certificates outstanding, representing the preferred stock. The stock was originally issued at the time of the reorganization of the property and placed in a voting trust for a period of five years. Trustees deem it advantageous to continue the voting trust for a further period.

Registration Statement No. 2-5052. Form F-1. (10-21-42)

OAKDALE INCORPORATED

Oakdale Incorporated through voting trustees has filed a registration statement with the SEC for voting trust certificates covering 1,056 shares of preferred stock, par value $100, and 117 shares of common stock, no par

Address—10 South La Salle St., Chicago

Business—Apartment building

Offering—To be issued in connection with the extension of a voting trust agreement for a period of seven years from Aug. 15, 1942, to Aug. 15, 1949, unless continued for longer period by vote of 51% of class A certificates which represent preferred stock

Registration Statement No. 2-5053. Form F-1. (10-21-42)

AVALON COURT APARTMENTS, INC.

Avalon Court Apartments has filed a registration statement with the SEC for voting trust certificates covering 1,025 shares of preferred stock, par $100 per share, and 113 shares of common, no par

Address—10 South La Salle St., Chicago

Business—Apartment building

Offering—To be issued in connection with the extension of a voting trust agreement for a period of seven years from Aug. 15, 1942, to Aug. 15, 1949, unless continued for a longer period by affirmative vote of holders of 51% of class A certificates representing the preferred stock

Registration Statement No. 5054. Form F-1. (10-21-42)

SATURDAY, NOV. 14

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., has filed a registration statement with the SEC covering 200,000 shares, investment trust-full certificates of participation, series "B-3"

Address—50 Congress St., Boston, Mass.

Business—Investment trust.

Underwriting—Keystone Corporation, of Boston, under control with Keystone Custodian Funds, Inc., is principal underwriter

Offering—At market

Proceeds—For investment.

Registration Statement No. 2-5055. Form C-1. (10-26-42)

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., has filed a registration statement with SEC covering 150,000 shares, investment trust-full certificates of participation, series "K-1"

Address—50 Congress St., Boston, Mass.

Business—Investment trust.

Underwriting—Keystone Corporation of Boston, under control with Keystone Custodian Funds, Inc., is principal underwriter

Offering—At market

Proceeds—For investment

Registration Statement No. 2-5056. Form C-1. (10-26-42)

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., has filed a registration statement with SEC covering 150,000 shares, investment trust-full certificates of participation, series "S-2"

Address—50 Congress St., Boston, Mass.

Business—Investment trust.

Underwriting—Keystone Corporation of Boston, under control with Keystone Custodian Funds, Inc., is principal underwriter of certificates of participation in the Keystone Funds

Offering—At market

Proceeds—For investment

Registration Statement No. 2-5057. Form C-1. (10-26-42)

MONDAY, NOV. 16

P. L. ANDREWS CORP.

P. L. Andrews Corp. has filed a registration statement with the SEC for $360,000 first mortgage convertible 5½% bonds, series A, maturing serially from 1943 to 1957.

Address—7800 Cooper Ave., Glendale, New York, N. Y.

Business—General character of the business done by the corporation is the design, development, manufacture and sale of paper packaging and wrapping materials in a variety of forms of envelopes, folders, wrappers, folding boxes and containers. Primarily because of the nature of the plant and products of the corporation, it is anticipated that the war or conditions arising therefrom will not alter substantially the general character of the business or products of the corporation

Underwriting—No firm commitment has been made to take any of the securities registered, but P. W. Brooks & Co., Inc., New York City, is the principal underwriter, as defined in the Securities Act of 1933

Offering—The securities will be offered at prices ranging from 99½ to 102¼ depending upon maturity date

Proceeds—Net proceeds will be used to discharge a proposed demand bank loan, to reimburse the corporation for machinery acquired and balance for such additional production facilities as are needed.

Registration Statement No. 2-5058. Form A-2 (10-28-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

CENTRAL MAINE POWER CO.

Central Maine Power Co. filed a registration statement with SEC for $14,500,000 first and general mortgage bonds, Series M, maturing July 1, 1972; $5,000,000 ten-year serial notes, maturing serially on July 1 from 1943 to 1952, and 261,910 shares of common stock, par value $10 per share.

Address—9 Green Street, Augusta, Maine

Business—Company is an operating public utility and engages in the electric, gas and water business, entirely within the State of Maine

Underwriting—The bonds and the notes will be sold under the competitive bidding rule of the Commission. Names of underwriters and amounts and offering price to public will be supplied by amendment

Offering—Public offering price of the bonds and notes will be supplied by amendment. The 261,910 shares of common are first to be offered to the holders of the company's outstanding common stock and 6% preferred stock for subscription at $10 per share in accordance with their preemptive rights. New England Public Service Co. has subscribed for and agreed to take the 261,910 shares, less any shares as may be subscribed for by stockholders, and to pay therefor in cash at $10 per share provided the proposed merger be-

Proceeds—Statement says that prior to the issue of the securities now registered, Cumberland County Power & Light Co., a public utility incorporated in Maine in 1909, will be merged into the company and Central Maine will thereupon acquire, pursuant to an agreement of merger, the business and all the rights, powers, etc., of Cumberland. After the merger has become effective, the business of the company will include also the business, franchises and properties of Cumberland, the separate existence of which will have ceased

Net proceeds from the financing in accordance with the merger plan recently filed with the commission will be used as follows:

Net proceeds of the series M bonds will be used to pay principal and premium in the redemption at 105% on Oct. 1, 1942, of $1,494,000 face amount of first mortgage, 4% series, due 1960, of Cumberland Power, $1,538,060; to pay principal and premium in the redemption at 105½% on a date in 1942 to be announced of $9,275,000 face amount first mortgage bonds, 3½% series, due 1966 of Cumberland County $9,784,348 and to pay bank loans made by the company which were incurred for the purchase and construction of facilities $2,650,000.

Net proceeds of the serial notes and the common stock will be used to pay par and premium in the redemption on a date to be fixed in 1942 of an unspecifed number of shares of 6% preferred stock and an unspecified number of shares of 5½% preferred stock of Cumberland County at 130% and 110%, respectively, all of which shares are to be called for redemption by Cumberland County prior to the proposed merger and converted under the agreement of merger into an obligation of the company to deposit the redemption price thereof in trust for the holders of such shares. The amount to be utilized in such redemption will be supplied by amendment.

Additional net proceeds from the sale of serial notes and common stock will be used to acquire 300 shares of the common stock and $6,000 face amount of 5% debentures of Aug. 1, 1936, due Aug. 1, 1956, of Nepsco Services, Inc., and 10 shares of common of Nepsco Appliance Finance Corp. $9,100 and to acquire all of the 650 outstanding shares of the no par capital stock of New England Pole & Treating Co. $110,000.

Balance of net proceeds of the series M bonds, the serial notes and common stock will be used to redeem at $120 per share or otherwise retire on or before Oct. 1, 1942, an unspecified number of shares of 7% preferred stock of the company and for the purchase and construction of facilities for the carrying out of the company's business.

Registration Statement No. 2-5024. Form A-2. (6-29-42)

Central Maine Power Co. on Aug. 5, 1942, filed a request with the SEC to withdraw trust indenture data in view of decision to sell the proposed issue of $5,000,000 10-year serial notes at private sale. On July 16, 1942, company filed an amendment with the SEC to withdraw the proposed notes from registration and such withdrawal was approved Aug. 19, 1942

Amendment filed Oct. 16, 1942, to defer effective date

DENVER CHICAGO TRUCKING CO., INC.

Denver Chicago Trucking Co., Inc., has filed a registration statement with the SEC for $400,000 debentures, 5%, maturing serially from 1944 to 1952, inclusive

Address—2501 Blake Street, Denver, Col.

Business—Operation of motor truck transport lines

Underwriting—Brown, Schlessman, Owen & Co., Denver, Col., is the principal underwriter

Offering—The issuer, a new corporation, upon the exercise of its option, will take over and carry on the present business of a partnership as an interstate carrier of merchandise by motor vehicle. The new corporation will acquire from the partnership all accounts receivable, motor vehicle equipment, rolling stock, real estate, franchises, etc. In consideration thereof corporation will deliver to partnership 4,000 shares of its capital stock, $1 par value, $250,000 of its debenture 5s and is also to deliver to the underwriter, on the order of the partnership, $150,000 of the debentures of the par value of $1,000 each, for the sum of $150,000 plus accrued interest to date of delivery. Corporation in normal course also assumes liabilities of partnership. The underwriter will purchase the partnership and the debentures from the partnership and the corporation and offer them to the public at prices ranging from 103.28% for the March 1, 1944, maturity to 100 for maturities 1948 to 1952, inclusive, plus accrued interest

Proceeds—The net amount to be received by the corporation will be used as working capital. Net amount received by partnership will be partnership funds distributable among the partners or usable for such purposes as the partners may decide

Registration Statement No. 2-5044. Form A-1. (9-22-42)

Registration statement withdrawn Oct. 29, 1942

ELLICOTT DRUG CO.

Ellicott Drug Co. filed a registration statement with the SEC for $350,000 6% debentures, due June 30, 1957.

Address—120 Cherry Street, Buffalo, New York

Business — Company is a cooperative wholesale drug company, selling to its members only, all of whom are retail druggists.

Proceeds — $250,000 of the debentures will be presently issued. Approximately $120,000 of this amount will be issued to replace the outstanding 6% preferred stock which is being eliminated. Approximately $48,000 additional will be issued to retire buying privilege deposits with the company The balance, approximately $78,500 after expenses, will become additional working capital

Offering—The new debentures will be priced at 100 and accrued interest

Registration Statement No. 2-5026. Form A-2. (7-7-42)

Amendment filed July 23, 1942 giving to members of the company only the privilege of exchanging the 6% cumulative preferred stock, par $50, for the debentures on a dollar for dollar basis and or exchange for deposits made by non stockholder members

Registration effective 11:30 a. m. ESWT on Oct. 24 as of 5:30 p. m. ESWT on Sept. 14, 1942

FIREMAN'S FUND INSURANCE CO.

Fireman's Fund Insurance Co. has filed registration statement with SEC for 64,086 shares of $10 par value common stock

Address—San Francisco, Calif.

Business—Fire, motor and marine insurance, etc.

Offering—After reclassification of securities to offer 33,738 shares of Fireman's $10 par common and scrip for fractional shares in exchange for 44,984 shares of $10 par common of Home Fire & Marine Insurance Co. of California on basis of 75/100ths share of Fireman's Fund for one share of Home; and 30,348 shares of Fireman's in exchange for 67,440 shares of $10 par common of Occidental Insurance Co. on basis of 45/100ths share of Fireman's Fund for one share of Occidental

Underwriting—There are no underwriters

Proceeds—To be issued under plan of exchange

Statement filed in San Francisco

Registration Statement No. 2-5051. Form A-2. (10-15-42)

Amendment to defer effective date filed Oct. 28, 1942

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed Oct. 27, 1942, to defer effective date

GRAND FORKS HERALD, INCORPORATED

Grand Forks Herald, Incorporated, has filed a registration statement with the SEC for $170,000 4½% first mortgage serial maturity bonds, dated Sept. 1, 1942. Bonds will mature as follows: $12,000 on each Sept. 1 from Sept. 1, 1943 to and including Sept. 1, 1951; $62,000 on Sept 1, 1952

Address — 118 North Fourth Street, Grand Forks, N. D.

Business—Newspaper publication

Offering—Bonds are to be offered at prices ranging from 101.57 for the 1943 maturity to 100.50 for the 1952 maturity. The average offering price per unit is 102.1073 plus accrued interest

Underwriting—Kalman & Co., Inc., St. Paul, is the sole underwriter

Proceeds—The net proceeds, together with other funds of the corporation, are to be used to retire as of Jan. 1, 1943, the corporation's 6½% 15-year sinking fund debenture bonds due Sept. 1, 1944

Registration Statement No. 2-5049. Form A-2. (10-12-42)

Amendment filed Oct. 28, 1942, to defer effective date

HOUSTON NATURAL GAS CORPORATION

Houston Natural Gas Corp. has filed a registration statement with SEC for 40,000 shares of preferred stock, 5% cumulative, par value $50 per share

Address—Petroleum Building, Houston, Texas

Business—Company produces, purchases and distributes natural gas in a large number of cities, towns and communities in Texas

Offering—The stock, after reclassification of securities, is to be offered at $50 per share. The holders of common stock (approximately 80,000 out of 158,289) who have not previously waived their preemptive rights to subscribe for the new issue of preferred will be afforded a 10-day period after the effective date of the registration statement within which to exercise such pre-emptive rights by subscribing for one share of preferred for each four shares of common stock held. If in the opinion of the company a sufficient number of shares is not subscribed for the company reserves the right to refund all payments and cancel the subscriptions, but if a sufficient number of shares of preferred is subscribed for by the public and by the holders of common, company will offer to exchange 11,000 shares of preferred, $50 par, for the 10,000 shares of preferred stock, 7% cumulative, par value $50 per share, callable at $55 per share, presently outstanding

Underwriting—The preferred stock is not being underwritten. Names of principal brokers soliciting subscriptions are Moroney, Beissner & Co., Houston, Texas, and Mackubin, Legg & Co., Baltimore. The first will receive fees and commissions for transactions occuring in the State of Texas and the second will receive fees and commissions as managers of the selling group offering the preferred stock outside of State of Texas

Proceeds—No specific allocation of the net proceeds has been made, but will be added to and become a part of the general funds of the company

Registration Statement No. 2-5050. Form A-2. (10-12-42)

Registration effective 5:30 p. m. ESWT on Oct. 28, 1942

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill.

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Amendment filed, July 30, 1942 to defer effective date

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Amendment filed Oct. 15, 1942, to defer effective date

SOUTHERN UNION GAS CO.

Texas Southwestern Gas Co. has filed a registration statement with the SEC for Southern Union Gas Co. (the latter to be the surviving corporation in a proposed merger plan) covering 240,584 shares of Southern Union Gas Co. common stock, par value $1 per share. The name of the registrant will be changed in consummation of the merger plan from Texas Southwestern Gas Co. to Southern Union Gas Co.

Address — 1104 Burt Building, Dallas, Texas

Business—Primarily engaged as an operating utility company

Underwriting—E. H. Rollins & Sons, Inc., is the principal underwriter

Offering—Agreement of merger provides, among other things, that the survivor corporation shall offer approximately 240,584 shares of its common stock, par $1 per share, for subscription by holders of the presently outstanding common stock of Southern Union Gas Co., New Mexico Gas Co., and New Mexico Eastern Gas Co. at the price of $1.50 per share

In addition to the securities to be issued in exchange for outstanding securities of the constituent companies involved in the merger plan, the details of which have previously been filed with the Commission and made public, the company will issue and sell for cash $3,650,000 of first mortgage sinking fund bonds, 3¾% series due Oct. 1, 1962

Registration statement reveals that E. H. Rollins & Sons, Inc., has advised the company that it has agreed to sell the bonds for the survivor corporation at a price equal to not less than 103¾% plus accrued interest, in such manner that there will not be involved any public offering of the bonds requiring their registration under the Securities Act of 1933. As compensation for its services in finding a purchaser, the banking firm is to be paid a commission of one-half of one per cent of the aggregate principal amount of the bonds

Proceeds—The proceeds to be received by the survivor company from the sale of its bonds in the face amount of $3,650,000 and from the sale of common stock for cash and $250,000 of the proceeds from the Southern Union Production Co. loan will be used towards redemption or payment of debt of Southern Union Gas Co. (old Co.), Texas Southwestern Gas Co., New Mexico Gas Co., New Mexico Eastern Gas Co., reorganization expenses and working capital

Registration Statement No. 2-5046. Form A-2. (9-28-42)

Southern Union Gas Co., in an amendment filed with the SEC on Oct. 20 discloses that in connection with the proposed offering of 240,584 shares of common stock (par $1) to holders of common stock of constituent companies at $1.50 per share, certain dealers will be compensated at the rate of 15 cents per share for each share of common stock agreed to be purchased by such stockholders through the efforts of the dealers. Dealers selected to render such services are E. H. Rollins & Sons, Inc., New York; W. C. Gibson & Co., Chicago, and Rauscher, Pierce & Co., Dallas, Texas. Such underwriters will select subunderwriters.

By agreement E. H. Rollins & Sons, Inc., as underwriter, will purchase from the company at $1.50 per share such portion of the common stock not subscribed for by stockholders. As compensation for commitment the underwriter will receive $12,000 plus an additional amount per share to be determined by the percentage of stock which the underwriter purchases, the amounts ranging from 5 cents to 20 cents per share

The underwriter intends to make a public offering at $1.50 per share

Registration effective 5 p. m. ESWT on Oct. 22 as of 5:30 p. m. ESWT on Oct. 17, 1942

Offering—Holders of common stock (of the constituent companies to be merged) of record Oct. 14 are given the right to subscribe for one share of common stock of the surviving corporation for each share of common stock of the constitutent companies owned by such holder. Subscription rights expire Nov. 12, 1942

Horton & Keenan With J. A. Hogle, Los Angeles

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Samuel W. Horton, John J. Keenan and G. Howard Wilson, formerly with Davies & Co., have become associated with J. A. Hogle & Co., 532 West Sixth Street. In the past Mr. Keenan was manager of the trading department for Fox, Castera & Co.; Mr. Horton was with Merrill Lynch, Pierce, Fenner & Beane, and Mr. Wilson was with Wm. Cavalier & Co.

W. W. Lyon Co. To Admit

W. Wallace Lyon & Co., 120 Broadway, New York City, members of the New York Stock Exchange, will admit Frances H. Lyon as special partner in the firm on Nov. 12.

Text Of SEC's Opinion Disapproving Proposed Minimum Caital By-Law Of NASD

(Continued from page 1627)

the method of prescribing capital requirements.

The rule now adopted by the Commission provides that no broker or dealer shall permit his aggregate indebtedness to all other persons (exclusive of indebtedness secured by exempted securities) to exceed 2,000 per centum of his net capital (exclusive of fixed assets and value of exchange memberships). After this rule becomes effective there will be placed upon every person engaged in the securities business a limitation upon his power to obligate himself which will vary with the nature and volume of business transacted. Thus there will be extended to all brokers and dealers who extend credit to customers or carry money or securities for the account of customers or owe money or securities to customers substantially the same requirements now imposed upon members of national securities exchanges and brokers and dealers who do business through such members by Section 8 (b) of the Securities Exchange Act. In all cases, the requirement that borrowings and other indebtedness shall not exceed 2,000 per centum of net capital will provide a minimum cushion of 5% of the aggregate indebtedness of the broker or dealer as a margin of safety to his customers. The value of exchange memberships and fixed assets will be available to customers and other creditors as an added protection.[9] If experience indicates that the ratio is wrong—that the minimum cushion should be increased—it can be changed.

On the principle of the rule requiring the maintenance of a ratio between net capital and aggregate indebtedness the Commission has frequently received the views of brokers and dealers. Most recently this subject was completely discussed in connection with a proposed amendment to Section 8 (b) of the Securities Exchange Act of 1934 which is now pending before the Committee of the House of Representatives on Interstate and Foreign Commerce. In the near future the Commission will publish for comment a proposed rule defining the terms "net capital" and "aggregate indebtedness" as used in the new rule. The Commission has not yet had the benefit of the criticisms of brokers and dealers of its definitions of those terms. Following its usual policy of soliciting the views of persons affected by proposed rules, the Commission will refrain from adopting the defining rules until the industry has had an opportunity to express itself and to point out such changes as may be needed to bring about a workable rule.

In order to provide a sufficient time for brokers and dealers subject to our rule to make such adjustments as may be necessary to meet its requirements, we have determined to delay fixing an effective date for the rule. We shall, after soliciting the views of the NASD, whose careful study of this problem has so materially aided us, and after consulting with other interested persons, fix such a date. However, in any event the effective date will not be set earlier than Jan. 1, 1943.

By the Commission (Chairman Purcell, and Commissioners Healy, Pike and O'Brien), Commissioner Burke not participating.

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[9] Since there will be included in the computation of aggregate indebtedness, free credit balances of customers, the carrying of such balances will demand an increase in the amount of minimum net capital required to be maintained by the broker-dealer.

Although securities carried in safekeeping are not reflected in aggregate indebtedness, the protection of customers owning such securities will be increased by the requirements of our proposed Rule X-17A-5 plus an exercise of the visitorial powers of the SEC, the NASD and others possessing similar powers.

Under Rule X-17A-5 any broker or dealer who makes a practice of extending credit to customers or holds customers' free securities or carries free credit balances of customers must file with the Commission an annual financial statement certified by an independent public accountant.

Bache Co. Questions WLB's Intervention

J. S. Bache & Co., members of the New York Stock Exchange, questioned on Oct. 30 the right of the War Labor Board to intervene in a strike of their employees, after receipt of a telegram from the WLB stating that it had taken over jurisdiction in this dispute, according to the New York "Times" of Oct. 30, which added:

"The firm contends that the strike, which began on Oct. 2, involves only a minority of its employees represented by Local 20,940 of the American Federation of Office Employees and cannot be construed as affecting the war effort.

"William J. Walker, attorney for the firm, said a telegram had been sent to William H. Davis, Chairman of the WLB, asking for a public hearing to determine whether or not the WLB has any jurisdiction over a 'strictly private controversy with a minority of our employees which in no way affects the war effort.' . . .

"Mr. Walker said that any strikers returning on Monday will receive applications for re-employment on the same terms as those that existed when they left their desks a month ago.

"Inasmuch as the firm had been advised that the WLB had no jurisdiction in the controversy, Mr. Walker said the following telegram had been sent to Mr. Davis:

" 'We acknowledge receipt of the Board's wire of Oct. 29 signed by Elaine Wright, senior mediation officer. Do not understand how the War Labor Board has any jurisdiction over this firm, which is solely engaged in the brokerage business, which has not been recognized as essential to the war effort.

" 'Before acceding to your request to appear before your panel, we would appreciate an opportunity for a preliminary public hearing before your full Board to determine whether or not the War Labor Board has any jurisdiction over the strictly private controversy with a minority of our employees, which in no way affects the war effort.' "

Nov. 12 has been set as the date for a hearing on the right of the Board to assume jurisdiction in the strike. The hearing will be held in the Department of Labor Building in Washington.

Previous items on the strike of employees of J. S. Bache & Co. appeared in the Oct. 22 issue, page 1439, and the Oct. 8 issue, page 1250.

On Nov. 2 announcement was made by J. S. Bache & Co. that 88 of the 127 employees who had been on strike had returned for work. The announcement as given in the New York "Herald Tribune" follows:

"J. S. Bache & Co. announced that this morning 88 of its former employees who were on strike voluntarily returned for work. Originally 127 employees went out on strike and of this number some previously had returned to work and the balance found other employment.

"The returning ones were called together and addressed in a group by representatives of the firm, who told them that they were glad to have them come back of their own volition. It was carefully pointed out to them that the firm had made no promises or commitments of any kind to the various governmental agencies that had interested themselves in the strike, and that likewise none of those agencies ordered the strikers to return. They were also told that the firm was going to contest the jurisdiction of the War Labor Board, the latest agency which is considering the strike. The strikers signed application for re-employment.

"The firm stated that its business had been conducted on a normal basis during the month that the strike was on. Since the firm had no previous knowledge of how many or which people were returning, it told the group that they would be re-employed on a stagger system beginning Wednesday, Nov. 4, with pay starting from the time they were called back."

Significance Of 1942 Tax Law To Investors

(Continued from page 1618)

net capital loss can be deducted from ordinary income to the extent of $1,000, not only in the year incurred, but also in each of the five succeeding years if an unused loss remains. As stated before, we believe these improvements in the treatment of capital gains and losses give the investor a renewed incentive to make new commitments and changes in his present holdings. Investment considerations should again displace taxes as the primary factor in making decisions.

The selection of securities may well be affected by the sharp rise in tax rates on ordinary income and by possible flat limitations on salaries and investment income. When the Victory Tax goes into effect next January, the first dollar of income above exemptions will be taxed at the rate of 21% (before postwar refund), and net income (after exemptions) of only $14,000 will reach the 51% bracket. Obviously, current income decreases in value. Future worth of the principal becomes increasingly important, particularly because of the favorable tax rates for long-term capital gains (25% maximum tax). "War" stocks lose in attractiveness, while "peace" stocks gain. The idea of considering a "war" stock as a liquidating proposition becomes untenable for persons in higher tax brackets, because of the small part of dividends escaping the tax collector. Assured postwar outlook appears to be a much more vital consideration. "Growth" companies should regain popularity (chemicals, etc.), and, in general, greater attention should be paid to companies retaining all or a large proportion of net income for the retirement of debt, for increasing working capital and for expanding plant facilities. Reinvestment of corporation earnings will probably appear increasingly attractive (barring a new tax on undistributed profits). The individual investor can obtain a return of perhaps 3% to 5% on the reinvestment of that part of the dividend remaining after taxes, while many companies can earn 10% to 20% on their investment, which earnings may in turn be capitalized as high as 20 times by the price of the stock. Of course, such increases in earnings are largely hidden by the excess profits tax at present. To give a specific example, Dow Chemical may rise relative to duPont, which has previously had the advantage of a much more liberal dividend.

Investors in high brackets may be willing to pay a premium for stocks paying dividends which are partially or entirely non-taxable. While accurate predictions cannot be made as to the status of 1942 dividends, the approximate amount that was non-taxable of 1941 dividends is given for the better known issues in this class last year: Adams Express, 60¢; American General preferreds (35% of regular rates); Atlas $3 preferred, $3; Blue Ridge $3 preferred, $1.75; Equity preferred, $1.25; Great Northern Iron Ore, 13¢; Kennecott, 70¢; N. Y. City Omnibus, $1.65; Petroleum Corp., $1.64; Transamerica, 50¢; Tri-Continental $6 preferred, $1.84. Interest on defaulted bonds is considered to be non-taxable in most cases. This is an attractive feature of a number of defaulted railroad bonds.

Certain beneficial changes in corporation taxes will also be briefly discussed because of their effect on the securities of particular groups of companies. The two-year carry-back and carry-forward of unused excess profits exemption should be very important for companies likely to experience unfavorable earnings during the war but with a high rate of earnings before or after this period. Companies of this type might be Libbey-Owens-Ford, Sears, Ward, Western Auto Supply, Jewel Tea, etc. The two-year carry-back and carry-forward of operating losses for purposes of the normal tax and surtax will aid companies likely to show losses as a result of the war (Homestake), and also companies which may experience losses when war orders end and the changeover to civilian business occurs (aircraft manufacturers, machinery, possibly steels and rails). The losses can be used to readjust past earnings (two preceding years except 1940) with resulting tax rebates, and can be carried forward two years if not used as a carry-back. This feature is likely to be useful only to highly cyclical companies.

Companies with one abnormally low earnings year in the 1936-39 base period will benefit from a new alternative method of computation, provided, of course, that the invested capital option is not more favorable for the excess profits tax. It is now permitted to substitute for the low year 75% of the average of the other three years. The following companies should be aided to a considerable degree by this provision. Armstrong Cork, Bohn Aluminum, Borg Warner, Briggs, Bullard, Caterpillar, Chrysler, Collins & Aikman, Crown Cork & Seal, du Pont, Electric Auto-Lite, Fairbanks Morse, General Electric, General Motors, Houdaille Hershey "B," Johns - Manville, Libbey - Owens-Ford, Glenn L. Martin, Minneapolis - Honeywell, Monsanto, North American Aviation, Pepsi-Cola, Pittsburgh Plate Glass, Remington Rand, Schenley Distillers, Square D, Timken Detroit Axle, Twentieth Century Fox, and Westinghouse Electric.

Numerous companies overaccrued income taxes in the first half of 1942, and adjusted earnings are now likely to be better than expected. Companies doing a very large volume of war business will be the largest beneficiaries of the postwar refund of 10% of the excess profits tax paid in 1942. The 80% ceiling on corporation income taxes will also be helpful to a few in this same group of companies. Most manufacturers of aircraft, ships and machinery are strongly aided by both features. Other companies that will receive substantial refunds are: Bendix, Bethlehem, Bohn, Bridgeport Brass, Campbell Wyant, Clark Equipment, Crucible, Cutler Hammer, Doehler, Eaton, General Electric, Greyhound, Johns-Manville, Mack, Minneapolis-Honeywell, National Cash Register, Spicer, Square D, Timken Axle, White, Worthington Pump.

Public utilities are favored by a specific exemption from the surtax of earnings paid in dividends on operating company preferred stocks. This should bolster medium grade operating company preferreds, which have seemingly declined primarily as a result of the fear of rising income taxes. It now appears that a ceiling of 24% (normal tax) may exist for the duration on taxes affecting operating company preferreds. Most holding companies benefit indirectly from this tax saving. Outstanding examples are the preferred stocks of Electric Power & Light and Commonwealth & Southern. A more modest benefit will be enjoyed by the common stocks of Southern California Edison and Pacific Gas. Some public utilities will also be aided by the allowing of consolidated returns for purposes of the normal tax and surtax, with a rate increase of 2%. Losses from certain subsidiaries, such as street railways, can be used as an offset to other profits.

Railroads also enjoy some special benefits under the new tax law. Bonds can be repurchased by all corporations without including the discount from par as income, and this provision aids railroads particularly. Some issues have already moved up substantially, reflecting actual or prospective purchasing by the railroad company. In many cases these bonds are rather speculative, and purchase now by an individual investor would be largely a gamble in the length of the war. However, the rise in some bonds appears rather moderate to date, and purchase may involve smaller risks. In this class might be considered: New York Central 3¼s, 1952; Nashville, Chattanooga & St. Louis 4s, 1978; Southern Railway 4s, 1956; and Reading (Jersey Central) 4s, 1951. The tax outlook for reorganized roads has been clarified by the provision that the invested capital base is not diminished by reorganization — *E. F. Hutton & Co.*

Asks Dealers To Clarify Transactions Near Holiday

The National Uniform Practice Committee of the National Association of Securities Dealers, Inc., announces:

Because certain holidays are not observed in every State, the determination of "ex" dates, with respect to dividends or payments, on unspecified trades, in accordance with the provisions of Sections 5, 6 and 7 of the National Uniform Practice Code, might involve an unexpected loss to one of the parties to the contract.

The Committee, therefore, strongly recommends to every member effecting an inter-State transaction on or immediately prior to any holiday that, at the time of trade, specific designation be made on this point to avoid any misunderstandings.

Turkish And Bolivian Newspapermen At NYSE

Four Turkish newspapermen, Bey Hussein Yalcin, Bey Sukru Esmer, Bey Abidin Daver and Bey Zakaria Sertel, and three Bolivian newspapermen, Arturo Otero, Frederico Guttierrez and Luis Zavala, were guests of the New York Stock Exchange on Nov. 2 and were welcomed by Robert L. Stott, Chairman of the Board, and Robert DeF. Boomer, Chairman of the Exchange's Inter-American Hospitality Committee. The Turkish journalists were accompanied by Joseph S. Rogers, of the Office of War Information, and the Bolivian newspapermen were escorted by Walter Walters, Chairman of the Catholic Committee for Inter-American Affairs.

The Turkish group is visiting the United States at the invitation of the State Department, and the Bolivian visitors are here under the auspices of the National Press Club, Department of State and the Office of the Coordinator of Inter-American Affairs.

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Legal Oddities

WHEN THE BROKER ARRESTS THE CUSTOMER

"Here's my check on the Popular Bank to pay for that stock you bought for me," the customer announces.

"And here's your certificates," the broker replies, and presents the check for payment. The customer has a deposit large enough to pay the check and buy a sedan with the balance, but the paying teller looks up the wrong account.

"Not sufficient funds," the teller explains, and the broker seeks his lawyer's office.

"We've got a State law making it a crime to give a check when the drawer hasn't sufficient funds to pay it," the attorney declares.

"Well, go ahead and arrest that fellow without delay," the broker orders. The customer is "pulled up," the bank's mistake is discovered, and the customer consults his attorney.

"Of course, you can't sue the broker for damages, for he acted in good faith," the lawyer explains.

"No, but why can't I collect damages from that bank?" the customer demands.

"Why not?" the reader may agree, but the Supreme Court of California in the case of Hartford vs. Bank, 170 Cal. Reports, 538, ruled that the customer had no case.

"There was no direct causal connection between the two things. There was an interruption and the intervention of an entirely separate cause, which cause was an independent human agency acting with an independent mind," said the Court.

To carry the parable a little further, suppose that the broker presents the check a second time and meets with a second refusal.

"I'm going to arrest that fellow for giving a worthless check," the broker declares.

"That's your business," the bank tells him.

"Does this give the customer any better case against the bank?"

In another and later California case, Bearden vs. Bank, 207 Pacific Reporter, 270, the Court again ruled in favor of the bank.

"The only difference in the two cases is that in the one under consideration, a threat of arrest was communicated to the bank, thus bringing pointedly to its attention a probable consequence of its refusal to pay the check. That such a consequence might follow the refusal, however, was known to the bank official in the case of Hartford vs. Bank, since the issuance of a check upon a bank without funds or credit to meet it is a public offense which notoriously freqently results in the arrest and imprisonment of the drawer of the check," was the reasoning of the Court.

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Our Reporter On "Governments"

Latest financing story (November is the one we're talking about now) indicates the "tap" issue is going to be reopened maybe by announcement today, and subscriptions from insurance companies, corporations, trust funds, etc., are going to be requested. . . . Makes sense. . . . Suggests the "taps" are on a three-month-spacing basis and offerings will be made every quarter. . . . If your institution is a bank, there's no point in your reading the next few paragraphs, for chances are the restrictions on bank buying of these long-term 2½s will be continued. . . . But if your interest lies in a non-banking institution, it's about time you considered the virtues of this registered loan. . . .

The "taps" or "on sale" bonds as they are now called, are attractive. . . . In comparison with other bonds on the market, they have definite, distinct advantages in yield and in maturity limitations. . . . They're protected by a real bottom at par—notice, for instance, that they've never been permitted to go below par. . . . They're among the best-placed issues in the market even though they have been outstanding only a short time, because they're held by so-called permanent investors. . . . Their yield at 100¼, the price at this writing, is 2.48% to maturity, the best in the long-term market. . . .

These bonds, in short, are worth buying—if you can. . . .

Incidentally, there's little point in buying these on any except a permanent basis. . . . Registered form of issue militates against that to start with. . . . And then there's the fact that the issue does and must recede every time a new offering is rumored about. . . . High price to date has been 100.22. . . . Low, of course, has been 100. . . . At the moment, there are $2,118,000,000 of them out and there should be $3,000,000,000 out by the end of November. . . .

Banks will be able to buy these starting May 5, 1952. . . . On that date too—which is ten years from issue date—the bonds move out of their registered form. . . . On that date, therefore, the attractiveness, marketability and value of the bonds should take a strong turn upward. . . . Not that there's much point in forecasting for 1952 just now! But among bond dealers, there's sufficient consideration of the changing character of the bonds as months and years go by to indicate this may become an increasingly important market factor. . . .

THE TOP RATE

And one more point deserves mention. . . . The "taps" are tops as far as interest coupons go. . . . Commercial banks? They get the 10-year 2s and that's the top return for them. . . . Individual little fellows? They get the Series E war bonds carrying 2.9% yield and that's the top return for them. . . . Wealthy individuals with several thousands to invest? They get the Series F and G war bonds and 2.5% is the top return for them. . . . The thousands of corporate and insurance company investors outside of commercial banks? They can have the tap 2½s, due in 1967, callable in 1962, and that's the top return for them. . . .

Considering the present rigidity of the interest rate scale and the division established in the investment market, the taps are the best buy for any institution that can afford this maturity and that is eligible to subscribe. . . .

The market tells us that. . . . Here is one bond that has been holding well during all periods of unsettlement. . . .

THE ½% RATE

All but one Federal Reserve district bank (Minneapolis) have now cut their rates on advances to member banks secured by Governments due or callable in a year or less to ½%. . . . Move designed to carry out Reserve's policy of making financing of war by banks as easy as possible. . . . Uniformity of rates is important, suggests national scope of policy. . . . New York's step last Thursday indicates big cities are in on this thing as much as ever. . . . Back in the old days, regional banks changed their discount rates to meet regional conditions, acted on circumstances that were peculiar to a certain part of the country at a certain time. . . . But no longer. . . . The change in rates this time is directed at a national purpose—the biggest, widest sale of Government securities. . . . And the change, therefore, must be uniform for the nation. . . .

In one sense, this is a deeply inflationary move, but there's little to be gained from emphasizing that now. . . . Here's the situation: a bank holding the one-year ⅞% certificates and caught short for funds can borrow at the Federal to the tune of millions. It doesn't have to sell its shorts to get cash. It doesn't have to worry about loss of interest following sales. It can take its ⅞% certificates, rediscount them, get enough profit to pay the FDIC's assessment on any approximately equal amount of deposits, keep its reserve position comfortable and place itself in a position to buy Governments to the hilt. . . .

Lots of banks have gotten out of the habit of using the rediscount privilege. . . . It might be a good idea to try it out—even though you don't need it just now. . . . Get your institution back into the psychological habit. . . .

INSIDE THE MARKET

New certificates selling at a slight premium, ranging between 1/64 and 1/32. . . . Reception was excellent, indicating increasing acceptance of this type of Government loan. . . . Also rate was good and fact that Treasury sidestepped the "odd decimal" suggestion on these was appreciated by investors. . . . (There had been talk of an 0.82 or 0.85% c. i.)

Big orders came in from corporations with idle reserves in their treasuries. . . . Also from individuals and trust funds. . . . Commercial banks were the main buyers, naturally, but broadening market was discernible right down the line. . . .

Canada's new Victory Loan is going well. . . . Up to eighth day of 18-day campaign, total subscriptions were $414,583,900 for the $750,000,000 issue. . . . Daily average of orders running around $47,000,000, well above $41,700,000 required to meet goal by November 7. . . .

Canada has its war financing down to the fine art stage now. . . . Its continuing sales drives plus these periodic blitz campaigns are keeping up interest in Dominion issues. . . . United States authorities studying Canada's methods, copying some and may copy more. . . .

On declining capital ratio situation, statement of Undersecretary Bell at Investment Bankers Association's Convention is significant. . . . Ties in with increasing issues of certificates of indebtedness. . . . Bell remarked that c. i. issues plus discount bill offerings gave banking system considerable liquidity, then added:

"This liquidity is going to be a very welcome offset to declining capital ratios, and will make it easier for banks to adjust themselves to the need of shifting deposits from area to area, a process that seems likely to continue." . . .

One intriguing angle about c. i.'s is that they're bound to become attractive as their maturity date nears. . . . Consider the ⅞s, for instance, due Aug. 1, 1943. . . . Compare them with discount bills which have a set rate at ⅜ of 1%. . . . When the maturity date of the c. i. issues compares with the 90-day due date of the bills, the difference in coupon will become clearly apparent. . . . And the price of the ⅞s must advance. . . .

RESERVE SUPPORT

The shock of the $632,000,000 purchases of Governments by the Reserve System in the weeks surrounding the recent $4,000,000,000 financing has been eased by the success of the certificate issue. . . . People are forgetting now that this support was the largest in history, dwarfed the buying of the Reserve Banks during the weeks following the outbreak of war in September, 1939. . . . Which is just as well. . . . That issue, so close to being a failure, is over. . . . Lessons have been learned by the Treasury and by investors. . . . They won't be forgotten too quickly. . . .

But there's one point worth repeating. . . . And that is we had another indication of the extent to which the Reserve will go and is prepared to go to keep the market stable and help put over the war financing program. . . . If the Reserve has to buy hundreds of millions in the open market, shift discount rates, buy bonds directly from the Treasury, cut reserve requirements or call on any of its remaining control devices to hold the market—it will do so. . . .

And that's that. . . .

Savs.-Loan Conference In Chicago Nov. 16-18

War housing, war bond, manpower, and rent-control key men will confer with savings, building and loan association managers holding a war conference on housing and savings in Chicago, Nov. 16-18, in place of their annual convention. Fermor S. Cannon, Indianapolis, President of the United States Savings and Loan League, announces that a program combining discussion of management problems in wartime with major emphasis on what these associations can do to help win the war has been arranged. A feature of the meeting will be a patriotic luncheon in honor of the 3,000 officers, directors and employees of the savings and loan institutions now in the armed forces, to be addressed by James G. Stewart, Mayor of Cincinnati.

Speakers, as listed on the program, made public this week are:

Representative Fritz G. Lanham, Chairman, Public Building and Grounds Committee; John B. Blandford, Jr., Administrator, National Housing Agency; Abner H. Ferguson, Commissioner, Federal Housing Administration; John H. Fahey, Commissioner, Federal Home Loan Bank Administration; Paul Porter, Deputy Administrator, Office of Price Administration; Ted R. Gamble, Assistant to the Secretary of the Treasury; Eric A. Johnston, Spokane, President, Chamber of Commerce of the United States; Montfort Jones, Professor of Finance, University of Pittsburgh; Carroll Binder, Foreign Correspondent, and Mayor Stewart.

The annual address of the President of the Savings and Loan League will be given by Mr. Cannon at the first day's meeting, with the report of Secretary-Treasurer Herman F. Cellarius of Cincinnati, and an address by Morton Bodfish, Executive Vice-President of the League, on the national and international scene as it affects the thrift and home lending business. There will be panel discussions, chairmaned by Fred T. Greene, President of the Federal Home Loan Bank of Indianapolis, and Carl F. Distelhorst, Chicago, Assistant Vice-President, United States Savings and Loan League.

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Henry E. McMillin Is With Ball, Coons Co.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—Henry E. McMillin has become associated with Ball, Coons & Co., Union Commerce Building, members of the Cleveland Stock Exchange. Mr. McMillin has conducted his own investment business in Cleveland, H. E. McMillin & Co., for many years and in the past was with the Union Trust Company.

Also joining the staff of Ball, Coons & Co. is Homer E. Metzger, who was with H. E. McMillin & Co.

Harry A. Bruce With Blyth In Los Angeles

LOS ANGELES, CALIF.—Harry A. Bruce, formerly Vice-President of Heller, Bruce & Co., in charge of their New York office, has become associated with Blyth & Co., Inc., in their Sales Department. Mr. Bruce will make his headquarters in Blyth & Co.'s Los Angeles office, 215 West Sixth Street.

Briggs, Schaedle Elect

Walter E. Suttmeier has been elected Assistant Treasurer of Briggs, Schaedle & Co., dealers in Government securities, 44 Wall St., New York City.

Gordon Russell Now With Goldman, Sachs & Co.

BOSTON, MASS.—Gordon B. Russell has become associated with Goldman, Sach & Co., 75 Federal Street. Mr. Russell was recently with F. Britain Kennedy & Co. and prior thereto was an officer of Webster, Kennedy & Co., Inc., and Kennedy, Spence & Co.

Final Edition THURSDAY **In 2 Sections – Section 2**

The COMMERCIAL & FINANCIAL CHRONICLE

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Savings Bankers Urged By Treasury To Promote Thrift And Encourage Voluntary Saving

Savings banks were called upon to do everything in their power to further emphasize the need for thrift at the present time in an address by John L. Sullivan, Assistant Secretary of the Treasury at the annual meeting of the Savings Banks Association of the State of New York at the Waldorf Astoria on Oct. 27. He told the bankers that "the Treasury, as you know only too well, has facilities for obtaining money—fresh, new money. But if it can possibly be avoided the Treasury does not want the new money that can be created by the Government directly, or by the banking system on behalf of the Government. Nor does it want, again if it can be prevented," he said, "the old money that comes from drawing out savings balances long salted away. What it does want is newly earned money out of the current income stream."

"Recently," said Mr. Sullivan, "there was a rumor that we of the Treasury considered the voluntary savings program a failure. Definitely this is not true. Sales of War Bonds are good and growing better. Approximately 20,000,000 workers are actively participating in the Payroll Savings Plan and are investing approximately 8% of their income in War Savings Bonds."

In his address Mr. Sullivan also said in part:

"It might enable us to appreciate more keenly the magnitude of our problem if we recall the extent of the Federal expenditures during the coming year. When one hears that the Federal expenditure in the fiscal year 1943 will be more than $80,000,000,000 one is apt to register an immediate reaction that this is quite a large sum of money. But very infrequently do people evaluate such a huge sum in terms of income or in relation to the everyday facts of our economic life. Perhaps we are more impressed with our task when we learn that in the month of September, 1942, we spent almost $6,000,000,000. That means that every week last month we spent almost $1,500,000,000. Every day in September we spent almost $200,000,000, including Saturdays, Sundays and Labor Day.

"There has been a great deal of publicity during the past week or 10 days about what the newspapers have described as the "greatest tax bill in American his-

(Continued on page 1637)

FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

Inasmuch as Jimmy Byrnes is the nation's economic czar, presumably the most powerful man in the land next to Mr. Roosevelt, it might be interesting to know how he got that way. It affords a study of what has happened to many men in recent years, what is happening to them every day, in fact.

Few appointments have met with such universal approval. Why? Because he is unquestionably one of the ablest men in Washington. Furthermore, he is one of the most popular. There is nothing radical about him. His whole background is that of Jeffersonian Democracy—the school of Carter Glass, Pat Harrison, Joe Robinson. He has long been a member of Washington's famed dinner clubs which are made up of bankers and professional men. There is not a bona fide New Dealer among them.

Now, after you have said this, you get back to the inescapable fact that Jimmy is a New Dealer. Rather, he has come to be a New Dealer. He is not one at heart. If he were President instead of economic czar, his administration would be conservative. But as matters stand, he will administer his office as Mr. Roosevelt wants him to administer it. He is Mr. Roosevelt's man. He feels deeply obligated to him. Being a gentleman of the old Southern school, he isn't going to run out on the man who has brought him to the top of the ladder. The difference between him and a man like Adoph Berle is that he won't originate any radicalism as economic czar, but there are plenty of other administrators who can channel their ideas through Mr. Roosevelt and if they come down to Jimmy from the President, he will carry them out—and what is more, very efficiently.

As a Senator, he was one of the first to become alarmed about the New Deal back in early 1938. He was the one who started the revolt among the Southerners. The New Dealers had shown their teeth. They were saying frankly that there was no room in the party for men like Byrnes, Harri-

(Continued on page 1637)

Notice To Our Readers

Due to the constantly expanding volume of current news of paramount importance to business and industry, we are obliged, owing to space limitations, to divert to Section 1 a considerable amount of material which, under ordinary conditions, is usually contained in this section of the "Chronicle." In bringing this matter to the attention of our readers, we are mindful of our pledge to make every effort to increase the value of the "Chronicle" by reporting, without delay, all of the information essential to a thorough knowledge of the manifold changes in tax and other legislative matters originating in Washington, together with the activities of the many Government agencies whose functions are of increasing importance to the conduct of business in the present

GENERAL CONTENTS

Regular Features

Page
Financial Situation....................1633
From Washington Ahead of the News....................1633
Moody's Bond Prices and Yields....1643
Items About Bank and Trust Cos...1648
Trading on New York Exchanges....1645
NYSE Odd-Lot Trading....................1647

State of Trade

General Review....................1634
Commodity Prices—Domestic Index.1644
Weekly Carloadings....................1647
Weekly Engineering Construction..1644
Paperboard Industry Statistics......1647
Weekly Lumber Movement..........1647
Fertilizer Price Index....................1644
Weekly Coal and Coke Output......1645
Weekly Steel Review....................1643
Moody's Daily Commodity Index....1643
Weekly Crude Oil Production.......1645
Non-Ferrous Metals Market.........1646
American Zinc Institute Summary.. *
Copper Institute Summary......... *
Pig Iron Production.............. *
Finished Steel Shipments.......... *
Daily and Weekly Copper, Lead and Zinc Sales .... *

* These statistics omitted from "Chronicle" at direction of the War Censorship Board. (See notice on first page of Section 2 in Aug. 27, 1942, "Chronicle.")

Building Permit Valuations Decline 70% in September....................1642
Aug. 15-Sept. 15 Living Costs Advance 1642
Consumer Instalment Activity Down in September 1644
Sept. Production and Trade Index..1645
Hourly Earnings Higher in Industry.1636

Miscellaneous

Always Too Late....................1635
Marine Insurance Co.'s Detail Three Years' Operations....................1636
Urges Use of Cheaper Elec. Power...1636
Limitations Statute Suspended in Trust Cases....................1636
West Coast Business 90% For War Work 1636
Draft Extra Territorial Rights Treaty 1637
Named Vice-President of Minneapolis Reserve Bank....................1637
Volume of Money in Circulation....1637
Receives Mortgage Banking Award..1637
Newspapers Must Cut Materials Use.1638
WPB Closes Puget Sound Pulp Mills.1638
House Approves New Rent Control Bill 1638
Atlantic Charter Applys to All: FDR.1638
War Housing Units Exceed 500,000..1638
Industry Urged to Contribute Scrap.1638
Higher Milk Price for Dairy Farmers1638
Says Associated Press Suit Endangers Free Press....................1639
Associated Press Denies Monopoly Charge 1639
Says AP is Not a Monopoly.........1643
Tighten Controls on Currency Import 1639
More Home Financing by Savings-Loan Banks 1639
Canadian Crops Abundant..........1639
Savings and Loan Invest. Increase..1639
Favors Single Oil Head............1639
NAM Official Visits London to Study War Problems....................1640
N. Y. State Banking Head Joins Guaranty Trust 1640
Canada Curtails Newsprint Production 1640
Sept. Truck Freight Volume Higher.1640
WPB Controls Livestock Market....1640
Says Business Should Prepare for Labor Shortage 1640
Praises French Resistance to Forced Labor 1640
Named Boston Res. Bank Director..1640
Named Chairman of Chicago Reserve Bank 1640
WLB Acts to Curb Wildcat Strikes.1641
Study N. Y. State's Farm Labor Problem 1641
Employers Urged to Co-operate Regarding Unemployment Benefits Law 1641
Sept. Lend-Lease Aid at New Peak..1641
Government to Lease Homes for War Workers 1641
Analysis of Corporate Incomes......1641
Confer on Retail Furniture Problems 1641
OPA Announces Sugar Allotments..1642
FDR Felicitates Turkey.............1943
Name Groups to Control Construction Work 1644
Final Decree in St. Louis Land Bank Liquidation 1644
McLaughlin Railroad Re-organization Bill Signed....................1644
Tax Institute Sponsors Regional Discussions 1645
N. Y. State Insurance Benefits for Partial Unemployment 1645
Individual Taxes Under New Revenue Act 1646
Argentine-U. S. Ship Pact..........1646
Restrict "C" Gas Ration Eligibles...1648
Would Expand Lending Authority of N. Y. State Savings Bank on FHA Mortgages 1648
Business Man's Bookshelf..........1648
Increase Quality of Planes, Tanks..1634
No Manpower Shortage in Steel Industry 1635
Establish Labor Requirements Groups in WPB....................1635
Lauds Constructive Change in Bank Mortgage Policy 1635

THE FINANCIAL SITUATION

What has become popularly known as "the manpower problem" seems now to be near the head of the list of questions vexing the official mind. In respect of the confusion of counsel which seems to prevail on all sides, this "problem" appears to be a worthy successor to the rubber "problem" about which so much was heard until a short time ago. A close kinship is likewise discernible in the repeated and dire warnings about what is likely to happen if we do not take effective action promptly—and, for that matter, about the unpleasant shape of things to come even if adequate steps are taken. As to precisely what steps should be taken, there is no observable unanimity of opinion in official circles. On the contrary, there would appear to be about as many views on the subject as there were concerning what we should do about the shortage of rubber.

What Is The Problem?

Labor leaders have recently visited the President to oppose proposals for a draft of "total manpower." Meanwhile a labor-management policy committee of the War Manpower Commission has presented an interim report to the President with sweeping recommendations, although no official word has been forthcoming concerning the precise content of this document. What the President will do next, the future must disclose, but drastic steps seem to be pending. Precisely what is this "manpower shortage?" To what is it to be attributed, and what are the commonsense remedies? In seeking answers to these questions we shall do well to avoid reasoning by analogy from the manpower straits in which the British find themselves, an unfortunate practice much too prevalent in this country in many spheres.

The Facts

Official estimates place our manpower requirements at about 62,500,000 by the end of 1943, although some support is given to the claim that we may need 65,000,000 both figures including the armed forces. Our "labor force", which oddly enough includes the armed forces, at the date of the latest available figures amounted to some 57,570,000 men and women, more or less. According to these estimates, then, we shall need to find somewhere between 4,750,000 and 7,250,000 new workers and new fighters by

(Continued on page 1634)

Necessity Must Be Shown

For most of the war effort to date Government regulation of the industries, apart from price control, has been for the purpose of hastening conversion, conserving critical materials and securing priority for war work. Now it is concerned also with increasing the over-all efficiency of the economic organization and thus lifting the ultimate ceiling on production to the highest possible level. After providing for plants and equipment prodigally, they must be supplied with materials and labor, transportation, fuel and power—all without impairing equally essential work elsewhere, and all in the proper places and proportions for a balanced output. . . .

It is appropriate to add that in suppressing the influences which normally direct the economic organization, and taking over their functions, the Government assumes a stupendous responsibility, whose wise discharge requires the greatest ability in planning, organization and administration that the country possesses. . . .

***Where necessity is shown and effective leadership provided, people willingly cooperate.*—The National City Bank of New York.**

But necessity must be shown and effective leadership provided.

THE FINANCIAL SITUATION

(Continued From First Page)

the end of next year. Current plans call for an army of 7,500,000 by the end of 1943, which would require some 3,500,000 additional men, while the Navy is expected to need some 500,000 additional men. It would appear, therefore, that what is demanded of us is that we increase our civilian working force by between 750,000 and 3,250,000 during the next 12 or 14 months at the same time that the military is taking some 4,000,000 able-bodied men from civilian ranks.

If we assume that the armed forces now number around 5,000,000 which is rather too high, we now have some 52,750,000 men and women in the civilian working force. The true figure is probable nearer 53,000,000. Fourteen months hence, they tell us, this force must be at least 53,750,000 and possibly 56,250,000. And, they add, from the pool of potential workers (or from those already working) we must expect to lose 4,000,000 men to the armed forces. As thus set forth, and without further elucidation, it appears to be a formidable problem indeed. It is a formidable problem, but not nearly so difficult as one would naturally suppose from the array of figures presented. The reasons why the bald statistics overstate the case are not far to seek.

Production Is The Thing

First of all, let it be observed that what is wanted is a given amount of work effectively done, not mere numbers of men at work. There is no necessity for any fixed number of men in the civilian working force save as that number are really required to get the job ahead of us done. A 10% increase in productivity per worker would serve all purposes quite as well as a 10% increase in the number of workers with productivity per worker unchanged. What they demand in terms is that we increase our "manpower" by 8 to 13%; what they appear to mean is that we supply the armed forces with the 4,000,000 additional men they believe they need and, at the same time, maintain our over-all production of civil and military goods or perhaps increase it by 6 or 7%. Expressed in this way the problem assumes a quite different appearance.

It is, therefore, obviously pertinent to inquire whether productivity per worker can be substantially increased. There is no observable reason to doubt that it can. One method of increasing output per worker is rather more than obvious. It is to increase the length of the work week—that is to say, have each man and woman in the civilian labor force work longer each day. Is there anything strange or unreasonable about such a suggestion? The average work week in industry is now less than 44 hours. In very few industries, even where armament production is now dominant, has the average work week reached 48 hours, and in none has it very substantially exceeded that length, which the Government itself has set as the most productive. Less than 49,000,000 men working 48 hours per week could, other things being equal, produce as much as 53,000,000 men working less than 44 hours per week, as a very simple arithmetic computation will show.

4,000,000 Added

Thus we appear to have ready at hand a method of providing the 4,000,000 men required for the armed services without reducing production at all — and without searching for more men. Of course, in practice it would not work out precisely as thus figured. For one thing, some 10,000,000 to 12,000,000 of the 53,000,000 now in the labor force are not industry but in agricultural pursuits. For these and some of the other groups of less importance there are no adequate statistics of the length of the work week. It probably may safely be taken for granted that, although their work week is longer than in industry, it is shorter than was the case 20 years ago when they suffered no observable harm from overwork. There is little doubt that these groups could work productively longer each week than they do now. Much the larger part of the "farm labor force" consists of small proprietors and minor members of their families. There is good reason to believe that the latter do much less work than they did 20 years ago. We have here a very considerable reservoir of farm labor.

Problems of adjustment and of transfer of workers, would of course, arise in the adoption of longer work hours to meet a manpower shortage—not the least among them being the adjustment of ceiling prices should penalty overtime rates continue as at present—but there is no reason to suppose that these difficulties would be greater than those which must arise if any other method of meeting the so-called manpower needs are adopted. It may not be true, it probably is not true, that the 4,000,000 men needed for the armed services could be found in so simple a manner, but it is true that it would represent a long, long step in that direction—without much question a much longer one than can be taken in any other way, and certainly an infinitely longer one than would be taken by the sweeping conscription of labor now being ardently and persistently demanded by many in places of influence in Washington.

A Supporting Attack

But the short work week is not by any means the only unnecessary factor limiting productivity of labor in this country today, and simultaneous elimination or reduction of these other impeding conditions would provide a supporting attack on the manpower problem. Faulty over-all management of the industrial war effort now severely limits productivity. Failure to have materials or equipment where they are needed when they are needed, holds men idle many hours and strongly encourages soldiering to "make the job last" until more work is ready. Confusion and uncertainty about the workings of the draft is a serious factor at many points. Turnover due to such factors, and also to the chaotic wage situation, is another cause of unnecessarily low productivity. Union restrictions, drives, and attitudes are hurting output in many instances. Eliminate, or even substantially reduce such harmful factors as these, and add reasonably to the length of time each worker stays on the job each week, and the manpower problem so-called would, to say the least, be a great deal more manageable than we are given to think. And, incidentally, in reducing the so-called manpower problem to much more manageable proportions, such constructive action would, we believe, soon reveal the extremely drastic curtailment of civilian goods now proposed as in substantial part needless and wanting in wisdom.

Factual analysis of our manpower situation, such as has been presented here, makes it rather more than obvious that many of the currently suggested programs do not touch the root of the real difficulty, lack realism and often even relevancy. Some of them, notably suggestions of a "draft" of all manpower under the direction of the same groups which are already so badly bungling the war effort, would obviously do much more harm than good. Advance accounts of the recommendations of the labor-management policy committee of the War Manpower Commission suggest that some of the current difficulties have here and there been recognized, but certainly do not give the impression that the fundamentals of our problem have been touched at all.

The State Of Trade

Business activity continues to expand, with most quarters showing gains over the previous week. Most of the heavy industries continue to operate at or near peak levels, while retail trade is showing up exceedingly well, especially when compared with last year's figures.

Stimulated by an abrupt drop in temperatures, retail trade spurted sharply ahead of the previous week to a new high for the year, according to Dun & Bradstreet, Inc. Seasonal lines were found in brisk demand, with some of the heaviest anticipatory buying since early 1942 expanding volume on a wide front.

Department store sales on a country-wide basis were up 18% for the week ended Oct. 24th, compared to the like week a year ago, according to the Federal Reserve System.

Department store sales in New York City in the week ended Oct. 31st, were 22% higher than in the corresponding week of last year, according to a preliminary estimate issued by the New York Federal Reserve Bank. In the previous week, ended Oct. 24th, sales of this group of stores were 13% above those of the comparable week a year ago.

Engineering construction awards of $103,282,000 in the week ended Oct. 29th, compared with $87,995,000 last week and $102,695,000 in the like 1941 period, "Engineering News-Record" reported.

The current week's aggregate brought 1942 volume to $8,324,585,000, an increase of 59% over $5,250,210,000 reported in the 44-week period last year. Federal construction accounted for $89,750,000 of this week's total.

Electric power production in the week ended Oct. 24th, continued ahead of the preceding week and showed the widest gain over 1941 for any week this month, the Edison Electric Institute announced.

Output of 3,752,571 kilowatt hours compared with 3,717,360,000 in the preceding week and was 12.3% above production of 3,340,768,000 in the like week of 1941.

The Pacific Coast again led all other sections in the gain over 1941 with output 30.7% above a year ago.

Loading of revenue freight for the week ended Oct. 24th, totaled 903,246 cars, according to reports filed with the Association of American Railroads. This was an increase of 2,749 cars over the preceding week this year, 10,359 cars fewer than the corresponding week in 1941 and 65,589 cars above the same period two years ago.

This total was 120.96% of average loadings for the corresponding week of the ten preceding years.

Net operating income for 136 Class 1 railroads increased to $816,776,333 in the eight months ended Aug. 31st, from $651,615,398 in the 1941 period, according to reports to the Interstate Commerce Commission. Gross revenues increased by over a billion dollars to $4,629,747,345 from $3,403,544,130.

August net operating income of the roads totaled $135,264,075. compared with $111,411,489. Gross rose to $683,806,778 from $493,674,008.

Steel operations this week are scheduled at 99.6% of capacity, a decrease of 1.5% from the previous week, when the rate set an all-time high record of 101.1% of capacity, according to the estimates of the American Iron & Steel Institute. Plant shutdown for repairs after the recent record run probably accounts for the current slight recession, steel authorities said, and pointed out that current operations will bring out more tonnage than those of any similar period prior to three weeks ago.

The week's output is estimated at 1,703,800 tons, compared with 1,729,500 tons last week. A month ago the industry operated at 98.6% and turned out 1,686,700 tons, while a year ago the rate was 98.2%, and production amounted to 1,622,400 tons.

Reports of 209 industrial companies for the first nine months of 1942 show, in a majority of cases, increased sales but substantial declines in net income after taxes, compared with last year, a tabulation by the National City Bank of New York showed.

These companies, representative of the larger manufacturing organizations, with an aggregate capital and surplus of some $8,834,000,000 at the start of the year, had net income in the first nine months of $552,000,000 after taxes, a drop of 32% from the 1941 level.

For the third quarter net after taxes was $203,000,000, against $164,000,000 in the June period and $268,000,000 in the September quarter last year.

Of the 209 companies reporting, 122 in the manufacturing industries gave details of tax reserves. Net income before taxes for the first nine months was 9% higher than last year, but reserves for Federal income and excess-profits liabilities, amounting to $1,028,000,000, were 45% higher. Such taxes took 72% of the net income before taxes, in contrast with 54% last year.

Tank, Plane Volume Cut To Raise Quality

President Roosevelt disclosed on Oct. 23 that, as a result of actual battle experience, the war production program was being revised by reducing the unit volume of tanks and planes putting emphasis on greater power and strength.

The President told his press conference that the change-over will require essentially the same amount of materials as was called for in the original goals set in January—45,000 tanks and 60,000 airplanes, and he pointed out that any decrease in numbers will be offset by greater combat effectiveness.

Concerning his remarks, the Associated Press reported:

"One thing we always should remember, Mr. Roosevelt asserted, is that war changes plans. A year ago, he said, the Government made recommendations for what it considered the necessary munitions, using as a guide the experience of other nations during two years' war, but in another year, he said, those goals were changed because of further experience.

He mentioned tanks, for example. A year ago, he said, the Government had scheduled a large production of medium M-3 tanks, but experience in warfare particularly in the Libyan area since last January, led to a changeover to the new M-4, a larger tank.

The question also arose, Mr. Roosevelt said, as to whether the unit production goal had been set too high in view of the problem of transportating equipment to battle areas. Now, he said, we are not turning out as many tanks as the program called for, but we are turning out the same weight of tanks because of an increase in the unit size.

To a question as to whether this same change applied to airplanes. Mr. Roosevelt replied in the affirmative, as he did to another inquiry whether the result would be "harder hitting power." The planes, he said, will have more gun power and longer range.

Always Too Late

By DR. B. C. GOSS

If one were asked to characterize the Administration's performance in the field of war economics, he could no better describe it than to say the Administration always and unfailingly manages to act too late. It always moves so late that some of the more repressive measures it adopted counted for little in the fight war economics must wage against inflation.

This generalization can best be illustrated by citing the history of the Administration's efforts to control the upsurge of wages. Obviously, as President Roosevelt himself so often admitted, unless wages are controlled the economy cannot be controlled however many **other** segments are frozen. Yet despite his admission, the Administration has always moved gingerly and too late towards wage control. Even the latest move, the overall freeze directed by former Supreme Court Justice Byrnes, almost surely will prove too late—if indeed it proves to be a freeze at all.

Stop and consider the Administration's record on wage control. In the fall of 1941, economist after economist, led by Bernard M. Baruch, warned the Administration that wages must be controlled along with prices to avert inflation. Moreover, in the midst of the debates on the first price control bill, Canada set the example for this country by freezing prices, including farm prices, and wages too, at the October level. But the Administration economists, after a hasty trip to Canada, promptly announced that no such drastic step was **yet** needed in this country.

Hardly had the new price bill become law until even Leon Henderson began to see that an error had been committed in failing to control wages. Finally, in April of this year another one of the by-now-familiar inflation crises occurred, and the President announced that farm prices and wages were to be controlled. Six months after Canada acted, the Administration finally admitted that something had to be done about controlling wages!

And what was that something that was done about controlling wages? Why it turned out to be the famed—or better, ill-famed—"Little Steel" doctrine. Instead of a method of wage control that doctrine has proven a means of boosting wages. No one as yet can tell just what this doctrine will mean to the nation in higher wage costs, for the customary data on hourly wage averages appear weeks after the period they cover, and in addition, many weeks elapse before a wage-boosting spiral such as the Little Steel ruling touched off reaches its peak. One example, however, will suggest just what this form of wage control has meant.

According to the American Iron & Steel Institute, the average hourly pay rate of steel industry workmen in June was around 99 cents. By August, when the first of the steel companies began putting the "Little Steel" wage increase into effect, the average had risen to $1.04, and by September, the hourly average was up to $1.08. Yet, the upward spiral in steel wages has not yet ceased, for some 40 to 50 steel companies are awaiting an edict from the War Labor Board directing them to boost rates by 5½ cents an hour.

In September of 1941, when Baruch and many other authorities were urging the Administration to clamp down on wages, the average hourly rate paid in the durable goods industries—the industries turning out most of the war goods—was 84.3 cents, according to the Department of Labor. In August of 1942, the latest month for which data are available, the average hourly rate paid in these industries was 96.6 cents. The rise in the year was 14.6%.

The increase by far exceeded the rise in the cost of living, which actually rose only about 9% in this period. Hence, it meant a sharp addition to the excess spending power that was making inevitably for inflation. Yet, one must remember that the August, 1942, figures **do not yet reflect** the impact of the wage boosting ordered by the War Labor Board under what is perhaps sardonically named "wage control." When the October averages are available, showing as they will the big increases ordered in the automobile and other industries, as well as in steel, we will then see wage rates that inevitably and quickly should touch off the inflation fireworks.

This startling and almost perpendicular rise in wages, along with the soaring farm prices, precipitated the Administration's third inflation crisis and caused the enactment of the second price control law and the appointment of Justice Byrnes as Director of Ecoonmic Stabilization. Presumably at long last the Administration had slammed down the lid on wages.

But has it? Since the Executive Order creating Byrnes' office was signed, wage increase directives have continued to emanate from the War Labor Board's quarters. Sometimes, it is stated that the wage increases reflect cases started long before the latest wage freeze. Sometimes we are told that the wage increase is necessary to stop labor migration, but whatever the reason, increases have been approved.

As a result one must conclude however regretfully, that the Administration again has moved too late—too late to prevent excessive wages from causing inflation. Viewing the economic scene objectively, one must fear that wages had already been boosted to too dangerous levels before Byrnes was appointed, so that even if all increases were stopped from thence on, the action would have been too late. But certainly if even after wages have been boosted to present unprecedented levels, still further increases are to be ordered to conceal the Administration's failure to solve the labor migration problem, or to foster some pet economic reform—then how can you escape the conclusion that wage control has come too late?

But the record on wage control while startling and damning does not differ materially from the Administration's record of being too late in every branch of war economics. With regard to taxes, the Administration announced the need for a new tax bill at the outset of the war but delayed presenting its proposals until March. Even then it further delayed Congressional action on the new law by changing its mind on such matters as personal exemptions, and the need for forced savings. In rubber, it took a breakdown and an approaching Congressional crisis to force the Administration to bring order out of bureaucratic chaos.

In food, the official attitude for many months was that no possible shortage of any consequence could ever appear. Now action has so long been delayed that another dictator, similar to the dictator in rubber must be appointed. And the story is similar in the field of manpower. Nursing along the various bureaus, hesitant to offend any bureaucratic or union clique with an interest in manpower, action has been delayed almost as long as was the case in wage control with results that may well prove as disastrous unless a miracle—such as happened in rubber when the Baruch Commission made its report—comes to the rescue of the nation and the Administration.

It is certainly not the purpose of the writer to argue for the imposition of drastic regimentation or for the appointment of dictators to solve the nation's problems in the field of war economics. Many of these problems could have been solved more easily and more equitably by use of other and more democratic techniques, if the problem had been recognized and action had been prompt.

But the point is that the Administration on its own volition **always** comes around to the use of extreme regimentation and the appointment of dictators and subdictators, often selecting the dictatorial method when other weapons were available. Now if one **must** use the dictatorial weapon, one should perceive that its one great advantage is the ability to move **swiftly** and surely towards its objective. If the Administration always insists upon regimented controls it should at least give the nation the **only** benefit that regimentation can provide.

But, owing to its subservience to the labor and farm blocs, the Administration has unfailingly denied the nation the benefits of swift action, the only benefit that could result from the adoption of the dictators' ways. The Administration **always and invariably acted too late.**

Sees Absenteeism Cost Heavy This Year

Absenteeism this year will cost war industry 121,000,000 man-days, the equivalent of $1,000,000,000 in wages to war workers and enough time to build 5,000 Flying Fortresses at the present rate of production, Dr. Victor G. Heiser, medical consultant to the National Association of Manufacturers' Committee on Healthful Working Conditions, declared in Boston on Oct. 29.

Dr. Heiser, author of "An American Doctor's Odyssey," "Toughen Up, America!" and other books, told the Round Table on Health in Industry, sponsored by the Associated Industries of Massachusetts, that this estimated loss in man-hours, due to sickness, accidents and other causes, "means a broad grin on the faces of Hitler, Mussolini and Hirohito—a grin which must be wiped off, and wiped off soon." He pointed out that 121,000,000 man-days "in the right place" not only would mean 5,000 Flying Fortresses this year, but it would mean 10,000 of the huge bombers "when mass production gets into full swing; 21,000,000 Garand rifles, or 161,000,000 500-pound demolition shells."

Despite "industry's best efforts to forestall every possibility for accidents on the job," Dr. Heiser said, "42,600 war production workers have been killed, either on or off the job, since Pearl Harbor."

"Add the number injured," he said, "and the record is this: 11,000 war workers killed or injured on and off the job every day since Dec. 7." Fatigue and malnutrition contribute to the record, said Dr. Heiser, who long has championed industrial nutrition educational programs. He said America spends $9,000,000,000 for 130,000,000 tons of food every year "and yet we find that approximately three-quarters of our wage-earning families—like so many of the rest of us, I fear—pay so little attention to what constitutes good diet that they must be classified as 'ill-fed,' according to recommended standards of good nutrition."

Calling on management, labor, government and medicine all to get together in working out a "Prescription for Production," Dr. Heiser said:

"One of the great miracles on the production side has been the feat performed by the machine tool industry in duplicating its production capacity in 2½ years. But all the machines in the world are useless unless we have healthy workers to keep them running.

"If we were to do a job in improving the health and efficiency of our industrial manpower comparable to the job we have done and are doing in increasing the production capacity of our machines, we could deal the Axis a blow that would send them reeling. A full house still beats three of a kind—in poker and in the battle of production."

Steel Head Sees No Man Power Shortage

Eugene G. Grace, President of Bethlehem Steel Corp., at a press conference following the directors' quarterly meeting on Oct. 29, declared that shortage of man power in American industry is unlikely, with ever-mounting demand for labor by war plants being offset by progressive reduction of activity in factories producing non-essential civilian goods.

The New York "Herald Tribune," in indicating the remarks of Mr. Grace, also said:

"As a specific example, Mr. Grace cited a Bethlehem canvass for 5,000 additional workers for a newly completed war factory in Pennsylvania. Many times the number of men required, either skilled or capable of being trained quickly for the job, were found available in the district.

"The steel man, describing Bethlehem's labor situation as 'probably average' for the country, cited figures showing a tripling of its working forces since 1939 and transfer of 18,000 men to the armed services through enlistment or draft without loss of any production whatever due to inadequate man power. Women, he added, account for only a small percentage of hourly workers, but more are being employed in lines hitherto filled by men, including shipyards and machine shops.

"'I do not feel we should get excited about not being able to man our industries,' he commented. 'As far as I can see, we are putting as many men out of work by shutting down civilian industries as are required for the services and warwork jobs.'"

WPB Setting Up Labor Requirements Group

Organization of the Labor Requirements Committee of the War Production Board to recommend to the War Manpower Commission the relative importance of various types of labor in production centers throughout the nation, was announced on Oct. 27 by Chairman Donald M. Nelson. The Committee, which has carried on certain phases of its work for the last several weeks, is under the Chairmanship of Ferdinand Eberstadt, Vice-Chairman of WPB on Program Determination.

Vice-Chairman of the Labor Requirements Committee, whose appointment was made today, will be Carl J. Goff, of Cleveland, Assistant President of the Brotherhood of Locomotive Firemen and Enginemen. Mr. Goff also will serve on the staff of the Office of Program Determination as its advisor on labor requirements in the capacity of Chief of its Labor Requirements Branch. In addition to Messrs. Eberstadt and Goff, the Committee includes representatives of ten government agencies, as follows:

Marshall E. Dimock, Director, Recruitment and Manning Organization, War Shipping Administration.

Rear Admiral C. W. Fisher, USN, Director, Shore Establishments, Navy Department.

Edwin M. Fitch, Assistant Director, Division of Transport Personnel, Office of Defense Transportation.

Lieut. Ralph Hetzel, Manpower Consultant, Labor Production Division, WPB.

David Meeker, Assistant Director, Office of War Agricultural Relations.

Brig. Gen. Frank J. McSherry, Director of Operations, War Manpower Commission.

Daniel S. Ring, Director, Divivion of Maritime Personnel, Maritime Commission.

Harold Stein, Executive Secretary, Civilian Supply Committee, Office of Civilian Supply.

L. S. Thompson, Jr., Special Assistant to the Director of Industry Operations, WPB.

Robert W. West, Expert Consultant, Control Division, Services of Supply, War Department.

In general, the Committee will:

"Inform the War Manpower Commission on the scope of the war supply program and on the major changes in that program that will affect labor requirements.

"Make recommendations to the War Manpower Commission on the relative importance of less essential industries as a basis for transfer of workers to more essential activities.

"View from the standpoint of manpower the feasibility of production programs submitted to the office of program determination."

Constructive Change In Bank Mtg. Policy

While six years ago few savings bank mortgages were on an amortized basis, by the end of 1941 60% of these mortgages called for periodic principal reduction, William R. White, New York State Superintendent of Banks, told the savings Bankers of the State at their Association convention in New York City on Oct. 27. Mr. White stated that "this change in policy with respect to amortization is perhaps the most constructive development which has occurred in many years." Reviewing the changing character of bank assets, Mr. White pointed out that since 1936 the bond portfolios of savings banks increased $400,000,000. "Holdings of Governments" he said "more than doubled, reaching a total of nearly $2,000,000,000, while the investment in rails was cut approximately in half. As a result, the yield on bonds declined from 3.18% to 2.70%, one of the contributing factors to the problem of earnings."

According to Mr. White, during the six year period the savings banks of the State had $974,000,000 net income, of which $616,000,000 was used to pay dividends to depositors, the other $358,000,000 being used for reserves or charge-offs. "In other words," he noted, "depositors received about 63% of net income while the other 37% was used to improve banks assets with resulting future benefits to depositors."

Because earnings are so vitally important to the whole future of our savings banks, the Superintendent pointed out that it is imperative that the highest possible standards of management be maintained. He also said:

"The selection and promotion of personnel must be carried out with the single purpose of achieving the highest possible degree of efficiency. Trustees particularly must recognize that the direction of savings banking in these trying times demands courage and talent of a high order."

Mr. White referred to numerous phases of the war effort which bear directly upon the business of savings banks. He stated that while many recent regulations had presented new problems, savings banks were prepared to meet the situation and were giving their full support to all measures adopted in the interest of winning the war.

American Cargo War Risk Reinsurance Exch. Has Credit Balance After Three War Years

After three years of actual war experience, marine insurance companies which have written more than $16,500,000,000 of war risk insurance on shipping had, as of Sept. 30, 1942, a credit balance on cargo war risk insurance which they are continuing to write and a debit balance on hull war risk operations which have been discontinued and taken over entirely by the War Shipping Administration.

Figures made public on Oct. 27 by the Information Committee of the American Institute of Marine Underwriters show that the American Cargo War Risk Reinsurance Exchange as of Sept. 30 had a credit balance distributable to members of $10,014,186. This, it is announced, represents the difference between net premium income, after all adjustments and Exchange expenses, of $171,629,459 and losses paid and outstanding of $161,615,273 for the entire period of exchange operations from inception in June, 1939 to the end of September, 1942. For the first nine months of this year, net premium income on the same basis amounted to $99,963,696, against losses of $129,660,546 leaving a debit balance for this period of $29,696,850. The Committee's report also had the following to say:

"Since there is normally a lag of several months in determining premiums on business written under open contracts, the managers of the Cargo Exchange estimate that there were outstanding net premiums at the end of September in excess of $20,000,000. As there is a much shorter lag in the report of losses it is expected that a substantial part of these outstanding premiums will be realized, thus reducing the debit balance for the nine months of this year and increasing the actual credit balance shown on the books as of Sept. 30.

"The American Marine Insurance Syndicate, which discontinued writing war risk hull insurance earlier this year and has practically wound up its war underwriting operations, showed as of Sept. 30 a debit balance of $24,263,427, representing the difference between net premium income of $35,737,892 and incurred losses of $60,001,319 for the period from June, 1939 to the end of September, 1942. Only four ships now remain at risk with outstanding insurance of $2,691,375. When final reports are available on these ships the Syndicate's war risk operations will be written off.

"The balances from war risk operations of both the Exchange and the Syndicate are subject to administrative expenses, taxes and other charges of the individual member companies.

"From the inception of war risk insurance in June, 1939 to the end of September, 1942, the insurance companies had insured cargoes and vessels for a total of $16,579,876,000. Cargo liabilities for this period aggregated approximately $12,770,433,000 and hull liabilities $3,809,443,000.

"The peak of monthly losses incurred as the result of ship sinkings was reached in June of this year and since then the trend has been steadily downward, the Committee revealed. This has been reflected in two recent general reductions in cargo war risk rates and another partial reduction, the first downward revisions since Pearl Harbor.

"Despite these reductions, ocean war risk rates on cargo shipments now average between 12½ and 15%, compared with about 1% before Pearl Harbor. The higher scale of rates, coupled with a reduction of from 50 to 75% in liabilities, is expected to result in an improved margin of premiums over losses paid in the final months of this year, offsetting the less favorable showing when ship sinkings were at their height.

"The credit or debit balances resulting from the operations of the Cargo Exchange and the Marine Insurance Syndicate are spread among approximately 140 insurance companies which do all but a small portion of the private marine insurance business in the American market. These companies at the end of last year had an aggregate surplus for protection of policyholders of $1,174,622,000, with cash and government security holdings of $693,661,000."

Advises War Agencies To Use Cheapest Power

Present Roosevelt disclosed on Oct. 27 that he has directed the heads of the war agencies to use the cheapest sources of electric power "consistent with war requirements" when arranging power supply for war plants or establishments.

The President also asked the Federal Power Commission to cooperate by using its emergency powers "when necessary to make available transmission and other appropriate services for the effectuation of this policy" and outlined the procedure which the FPC should follow, including reviewing and renegotiating existing contracts and determining whether power rates and conditions are "reasonable."

With the disclosures on Oct. 27, it was indicated that the power policy was laid down by Mr. Roosevelt in a letter dated Sept. 26 and sent to Secretary of War Stimson, Secretary of the Navy Knox, Chairman Emory S. Land of the Maritime Commission; Secretary of Commerce Jesse Jones, in his capacity as Chairman of the Defense Plant Corp.; Chairman Donald M. Nelson of the War Production Board, and John B. Blandford, Jr., Administrator of the Natinal Housing Agency.

The President's letter to them follows:

"It is of the utmost importance that the costs of the war program be held to a minimum consistent with the fullest and most rapid progress. In arranging for the electric power supply for war plants or establishments, the cheapest sources of power consistent with war requirements should be used.

"Public and private power supply agencies should be advised as far in advance as possible of the prospective location and requirements of plants or establishments on or near their systems in order that they may assist in solving the power supply problems involved at the lowest possible cost. In many instances it should be possible to lessen power costs if provision is made for power to be supplied to the consuming agencies directly from the power generating agency. If the lines of the lowest cost power supplying agency do not connect immediately with the war plants, there is no reason why connecting lines of other companies or agencies should not be utilized for a reasonable transmission charge. I am asking the Federal Power Commission to cooperate by using its emergency powers when necessary to make available transmission and other appropriate services for the effectuation of this policy.

"I do not think that companies not themselves having sufficient power to supply war plants should be purchasing power from neighboring public power agencies for resale to these plants at a substantial profit. In such cases business-like procedure would suggest that the power be purchased directly from the power supplying agencies and reasonable transmission charges be paid to the transmitting companies.

"Adoption of my suggestion will not discriminate in favor of public or private power but will accord with sound business practice."

In his letter to FPC Chairman Leland P. Olds, Mr. Roosevelt requested that the Commission establish the following procedure to effectuate the policies set forth in the letter above.

"Outline of procedure for purchase of power for war plants and establishments:

"(1) Each agency directly or indirectly responsible for power procurement to designate a power procurement officer to handle all contracts and arrangements for electric power as hereinafter provided.

"(2) Each agency to direct its representatives to report promptly to the power procurement officer each proposed procurement of power, in excess of a reasonable minimum, which involves Government approval or any Government obligation. Such reports to include all essential facts in accordance with forms approved by the Federal Power Commission.

"(3) Power procurement officers to refer such reports promptly to the Federal Power Commission, together with proposed contracts, for determination whether cheaper power supply is available and, if so, how it can be delivered. Federal Power Commission to issue necessary orders after consultation with War Production Board as to priorities and allocations.

"(4) Federal Power Commission to determine whether proposed rates and conditions are reasonable and, if unreasonable, to fix proper terms and otherwise cooperate with power procurement officers in effectuating arrangements necessary for securing power on best possible terms.

"(5) Review and re-negotiation of existing contracts to be in accordance with above procedure."

Limitations Statute Off In Trust Cases

President Roosevelt signed on Oct. 10 the bill suspending until June 30, 1945 the running of the statute of limitations applicable to violations of the anti-trust laws. The measure had passed the Senate on Sept. 17 and the House on Oct. 5.

The enactment of this legislation was urged by Secretary of War Stimson, Secretary of the Navy Knox, Attorney General Biddle and Thurman Arnold, Assistant Attorney General in charge of anti-trust cases. These four officials had written to the President last March 20 that some pending court prosecutions, if continued would interfere with the production of war materials and accordingly suggested a procedure to be followed in such cases, which the President approved (as indicated in our issue of April 2, page 1358).

It was emphasized at that time that no one who has violated a law shall escape ultimate prosecution. To make sure that no one escapes by the running of the statute of limitations, Congress has now passed this extension of the statute.

The bill expressly states that "it shall not apply to acts, offenses, or transactions which are already barred by the provisions of existing laws." Therefore, the Senate Judiciary Committee said, it will not operate to revive causes of action against which the statute of limitations has now run.

Under no circumstances it is stated will there be any suspension or postponement of prosecution for any actual fraud committed against the Government.

Average Hourly Earnings In Mfg. Industries Rose 1.7% From Mid-July To Mid-August

The average hourly earnings of wage earners in manufacturing industries rose 1.7% between mid-July and mid-August to 86.4 cents, Secretary of Labor Frances Perkins reports. "The gain since a year ago was 15.9%," she said, "and reflected overtime premiums, increases in basic wage rates, and expansion in the number of workers in industries where relatively high wage scales prevail."

Secretary Perkins further stated:

"In the durable-goods industries, where war production is largely concentrated, workers averaged 96.6 cents an hour in August, a gain of 2.2% over the preceding month and an increase of 16.7% since August, 1941. This average was nearly ⅓ higher than the figure for the non-durable-goods group (73.8 cents), which nevertheless had increased by 0.8% over the month and 12.1% over the year interval.

"During the month ending Aug. 15, 1,350 manufacturing plants out of a sample of about 35,000 specifically reported general wage-rate increases averaging 7.7% and affecting 832,000 of the 9,100,000 workers covered. Nearly three times as many durable as non-durable-goods workers benefited from these wage increases. About two-thirds of the workers receiving wage increases were in the following industries: shipbuilding, steel, and cotton goods.

"The average hours worked per week in all manufacturing industries combined increased by 1.0% to 42.8 between July and August, more than offsetting the less-than-seasonal decline of 0.5% in July. Compared with a year ago, average weekly hours showed a gain of 4.9%. The average work week in the durable-goods group was 45.2 hours in August in contrast to 39.9 for the non-durable-goods industries. The former represented gains of 1.1% over the month and 6.4% over the year, while the latter represented increases of only 0.8 and 2.0%, respectively.

"Of the 43 durable-goods industries for which man-hour information is regularly published only four averaged less than 40 hours per week, while 25 worked more than 44. The machine tool industry reported an average work week of 52.8 hours, which was about the same as in July, but 3.9% higher than a year ago. Four other durable-goods industries reported working hours in excess of 50, namely metal working machinery not elsewhere classified (56.9), machine-tool accessories (53.5), pumps (52.1), and sewing machines (51.0).

"The average weekly earnings in all manufacturing industries combined were $39.54, about 1/7 lower than the $45.83 reported for the durable-goods group, but ⅓ higher than the average ($29.12) for the non-durable-goods group. The gains over the month and year intervals were 2.4 and 23.9%, respectively, for all manufacturing, 2.8 and 25.9% for the durable-goods group, and 1.7 and 15.3% for the non-durable-goods group.

"All of the non-manufacturing industries surveyed reported increases in average hourly earnings between mid-July and mid-August as well as between August 1941 and August 1942. The highest average hourly earnings in the current month were in private building construction where workers averaged 117.4 cents an hour. Bituminous-coal miners earned 109.7 cents an hour, crude oil production workers, 102.2 cents, electric light and power employees, 99.4 cents, and anthracite miners, 99.2 cents. The largest gains over the year interval were in building construction (16.7%), metal mining (14.0%), and quarrying and non-metallic mining (13.5%).

"Coal and metal miners reported substantial increases in the average hours worked per week since July when the observance of the July 4 holiday had resulted in declines over June. Street railways and busses reported 1.6% more hours worked per week, reflecting the continued demands being placed on public transportation facilities. The changes over the month in hours in the remaining non-manufacturing industries covered were not pronounced. Average weekly earnings followed, in the main, the pattern set by the average weekly hours and hourly earnings."

(It should be noted that manufacturing plants converted to war production are continued under their peace-time classifications.)

West Coast Business 90% In War Effort

Leading West Coast business executives state that 90% of their operations are devoted to the war effort—50% in direct war production and 40% indirectly in war output—according to estimates revealed in the 14th semi-annual questionaire survey of business sentiment compiled by Strassburger & Co., members of the New York and San Francisco Stock Exchanges. Returns from the questionaires, which were sent to key executives on the Pacific Coast, brought out many interesting facts relating to the effect of war conditions on Pacific Coast business, it is pointed out. The advices, made available Oct. 22 also state in part:

"The consensus of opinion predicts a level of general business for the next six months on the Pacific Coast 8.5% above the level of the like 1941-42 period. Although a large majority of the executives predicted an increase in general business, there was a wide variation among the individual opinions as to the percentage increase, or decrease in their respective fields. Some of the returns which showed a high percentage of their business devoted to the war effort, indicated that they were already at capacity operations and, therefore, could not look for any further increase, while others, in the same category but not at capacity, predicted as much as a 20% increase in their own field. On the other hand, real estate, insurance, printing and publishing, lumber, logging, and the construction industry predicted decreases in some cases as high as 55%.

The suvey brought out that for the coming six months:

1. Business is expected to gain 8.5% over the same period a year ago. This would be a new high for the coming six months in the Strassburger Index of Pacific Coast Business Activity, and an increase of 11% over the six months ended Oct. 1, 1942.

2. Employment will decrease 6%, and payrolls will remain practically the same.

3. Companies on the average are engaged 50% directly in the war effort and 40% indirectly in the war effort.

4. Gas rationing will present serious difficulties in personnel transportation to approximately 60% of employers.

5. The average estimate on the length of the war has increased to 2¾ years. (Six months ago the estimate was 2½ years.)

6. Fifty-four percent believed that price regulation has been successful and that ceiling prices can be maintained.

Savings Bankers Urged To Promote Thrift

(Continued from First Page)

tory." I think that this publicity may have caused some people to believe that our financing problems have been substantially solved.

"It is perfectly proper to refer to the Revenue Act of 1942 as the largest revenue-raising measure ever enacted by the Congress. It has very substantially increased the tax burden of the people of this country. To evaluate the burden it imposes upon the people of America, however, one must consider the ability of the people of America to bear this burden at this particular time.

"In the calendar year 1940 the total income payments made to all people in America were about $76,000,000,000. In this same year the total personal taxes paid by individuals to Federal, State and local taxing authorities amounted to $2,500,000,000, or about 3% of their personal incomes.

"Two years later in the calendar year 1942, total income payments to individuals are estimated to amount to $115,000,000,000 while total personal taxes paid to all taxing authorities will be only a little over $6,000,000,000.

"During the calendar year 1943 individual income payments will probably reach $125,000,000,000. Next year we estimate total personal taxes paid to all taxing authorities will be not more than $15,000,000,000. In other words, while individual incomes in 3 years will have risen $49,000,000,000 from $76,000,000,000 in 1940 to $125,000,000,000 in 1943, personal taxes will have risen only $12,500,000,000. The total personal taxes of not more than $15,000,000,000 to be paid by all individuals in America next year represent less than ⅓ of the increase in the incomes of the American people in the last three years. The total personal taxes to be paid by all individuals in America next year represents only 12% of the income the American people will receive that year.

"I should like to stress the point that the figures I have given you relate to personal incomes and personal taxes. They include neither the undistributed profits of business, nor the taxes paid by business. Neither do they include excise taxes paid by either business or individuals. However, they do include all personal taxes to be paid by the people of America to Federal, State and local taxing authorities in the form of individual incomes taxes, estate taxes, gift taxes, and real estate taxes on owner-occupied homes. After paying their tax bill in calendar year 1943, the American people will have left out of their incomes $36,000,000,000 dollars more than they had after paying their taxes in 1940. Viewed from this perspective the "greatest tax bill in American history" obviously has left in the pockets of the American people ample funds to lend their government to finance the war."

Mr. Sullivan pointed out that "if inflation is to be avoided, the unprecedented sums now being spent on the war must be matched by unprecedented savings by the people out of current income. Only in this way can we preserve stability of prices, stability of wages, stability of costs, and stability of morale." He added:

"It would be a mistake to take easy comfort in the fact that savings today are the largest in our history—at the annual rate of a little over $24,000,000,000 a year. That total is certainly impressive when judged by past achievements. But judged by present needs, against the background of the increased income of the people, it is not enough. Many new forms of additional savings must be inaugurated. Savings-as-usual, like business-as-usual, will not satisfy the needs of the time.

"Non-inflationary financing requires that the money that would otherwise be spent on consumers' goods be drawn, either by taxes or by borrowing, into the Treasury. Only by drawing in money that would otherwise have been spent can the Government check the tendency for price rises created by its own spending program."

Noting that "since 1938 the Savings Banks in the State of New York have been permitted to sell Savings Bank Life Insurance," Mr. Sullivan went on to say:

"The average family wage earner puts from 6 to 8% of his income in insurance. Is this not an appropriate time to campaign with renewed vigor for the purchase of Savings Bank Life Insurance?

"Other specific modes of saving suggest themselves: The creation of club accounts for War Savings Bonds; school savings accounts; saving for a new home in the post-war period. And if people wish to get rid of their money, urge them to pay off old debts or to buy War Savings Bonds. War Savings Bonds are one item for sale today in unlimited, unrationed quantity.

"People today should be encouraged to save for specific purposes, and particularly for the payment of Federal income taxes. Almost every employed person will have to pay an income tax this year, and people are going to find this hard to do unless they save systemically to meet the payments as they fall due. Here is certainly a place where the savings banks can be of unique service, for it is you who have taught the people the habit of thrift and it is to you the people come for advice on all problems of savings.

"Some banks have set up income tax savings clubs similar to the usual Christmas savings clubs. In this way they are attracting additional deposits and at the same time rendering a service to their depositors and a very real service to the nation.

"Another way you can help, perhaps better than any other group, is to encourage your depositors to buy Treasury Tax Savings Notes on a regular schedule. As you know, these Notes are a convenient means of setting aside current income in a tax reserve. They are designed primarily as a service to the taxpayers and you can urge their purchase primarily as a service to your depositors. The Notes also, of course, help counteract inflationary tendencies by removing that much money from circulation while the tax liability is accruing."

From Washington

(Continued from first page)

son, Jack Garner, Carter Glass and Walter George. Their attitude had been disclosed a few months after their 1936 victory by Stanley High in a magazine article entitled "Who's Party?" Jimmy went to Garner early in 1938 and said the New Deal had to be checked. Under Garner's encouragement he launched a fight to cut all governmental expenditures by 15%. It was a very definite revolt on the part of the Conservative Democrats and Jimmy was in the forefront of it. A few months later when the New Dealers sought to purge Cotton Ed Smith in South Carolina, Jimmy went down to help him. He coined a slogan: "There are no Senators in Germany," which was quite effective in Smith's victory.

The Southern Senators came back to Washington for the session of 1939 loaded for bear. They were going to put the New Dealers in their place. But the New Dealers went to work on Jimmy. The New Deal columnists began to flatter him. They wrote day after day how with Garner and George and others having run out on the Chief, he was looking more and more to level-headed Jimmy to represent him on the hill.

Well, a man can't accept such an assignment as this without being loyal to the man who gave him the assignment. In becoming the President's personal representative, more or less, on the hill, then he had to do what the President wanted him to do. Otherwise he would not be that personal representative long. So it came about that in a short while Jimmy had subordinated his personal beliefs, his apprehensions. He threw himself completely into the New Deal. He was one of the very few Southern Senators who campaigned for Mr. Roosevelt's reelection in 1940. The President has richly rewarded him, as we all know, but in so doing he has made Jimmy that much more obligated to him.

This is not written in any criticism of the likable, capable Jimmy Byrnes. It is simply to say that it is ridiculous for Conservatives to hail his appointment with delight and to assume that his office won't be administered in a New Dealish way.

I recall when the Conservatives were terribly disappointed, and so were his friends, that Pat Harrison didn't get the Senate leadership when Joe Robinson died. Here is one of Pat's friends who was tickled to death. He would have had to become a New Dealer himself.

You see, it isn't a case of a man like Jimmy or Pat exercising a moderating influence over the President in positions of high responsibility. If they complain or urge moderation, he simply looks at them and asks engagingly:

"Now, Jimmy (or Pat), is it a New Deal government or not?"

This situation ought to be made quite clear. There is a lot of misunderstanding about it. In the election just held in Michigan, Prentiss Brown received thousands of votes from Conservatives on the ground that while they despised the New Deal, Brown was himself O. K. There was nothing radical about him, they contended. This is true. Their thought was that for Michigan to have a man on the Senate Finance Committee, and one who was rising to leadership, was to have a man who would exercise a moderating influence. This is utter bunk. The moment Brown ceased going along with the New Deal, regardless of his own convictions, that very moment he ceased his ascension to leadership. Look at Alben Barkley, the present Senate leader. A few years back, would you have called him a radical, a regimenter, any of the other terms used? But he has become so deeply enmeshed that I doubt seriously he ever has a thought of his own any more.

Joe Robinson's friends are convinced that his forced espousal of packing the Supreme Court literally ate his heart out. His choice was either to do this or to repudiate the head of his party. In the latter event the denunciation, smear and abuse he would have had to take, would have been unbearable.

Money In Circulation

The Treasury Department in Washington has issued the customary monthly statement showing the amount of money in circulation after deducting the moneys held in the United States Treasury and by Federal Reserve banks and agents. The figures this time are for Sept. 30, 1942, and show that the money in circulation at that date (including, of course, that held in bank vaults of member banks of the Federal Reserve System) was $13,703,465,041, as against $13,199,882,224 on Aug. 31, 1942 and $10,162,760,918 on Sept. 30, 1941, and comparing with $5,698,214.612 on Oct. 31, 1920. Just before the outbreak of the World War, that is, on June 30, 1914, the total was only $3,459,434,174.

A Safe Haven For Investment Funds

Individual investors, trustees and other* fiduciaries interested in becoming acquainted with the Federally insured investment opportunities offered by savings and loan associations should write for current explanatory literature to the associations mentioned below. When doing so please mention the "Chronicle."

- **American Savings & Loan Association**
  17 East First South Street, Salt Lake City, Utah
- **Atlanta Federal Savings & Loan Association**
  22 Marietta Street, Atlanta, Ga.—Write for free booklet, "A Safer and Better Plan."
- **Chicago Federal Savings and Loan Association**
  211 South La Salle Street, Chicago, Ill.
- **Danielson Federal Savings and Loan Association**
  84 Main Street, Danielson, Conn.—Write for free booklet and information.
- **Guaranty Savings and Loan Association**
  2004 Second Avenue, North, Birmingham, Ala.
- **Hinsdale Federal Savings and Loan Association**
  8 East Hinsdale Avenue, Hinsdale, Ill.
- **Standard Federal Savings and Loan Association**
  735 South Olive Street, Los Angeles, Calif.

*Guardians, insurance companies, State, school and municipal sinking funds, firemen's, police and other pension funds, etc.

Upgren Named V.-P. Of Mpls. Reserve Bank

Arthur R. Upgren, University of Minnesota economist and nationally-recognized authority on economic and financial research, has been elected Vice-President and Economist of the Federal Reserve Bank of Minneapolis, John N. Peyton, President, announced on Oct. 29. In his announcement, Mr. Peyton said:

"His election by the Bank's board of directors will place him in direct charge of a new program being undertaken by the bank for expanding all phases of the institution's research work regarding present and long-term problems of business, agriculture, and finance in the Northwest.

"We hope through this program to render increased service to the business and economic life of the Ninth Federal Reserve District, embracing Minnesota, North Dakota, South Dakota, Montana, northwestern Wisconsin, and the upper peninsula of Michigan. At the same time, studies undertaken with his guidance may be of value in integrating regional problems with national economic research activities now in progress or which may be undertaken in the future."

The advices from the Minneapolis Bank also say:

"Dr. Upgren has served on several important economic missions for various departments of the Federal Government in the past few years. His most recent work, one that he finished only a few weeks ago, was as chief of the National Economics Unit of the Bureau of Foreign and Domestic Commerce in the United States Department of Commerce. In this, he directed extensive study of national post-war economic problems.

"He also has served as economic analyst in the Department of State in connection with the negotiation of reciprocal trade agreements with foreign countries, research secretary for the Council on Foreign Relations, Inc., consultant for the Government of Manitoba preparing that Canadian province's case for submission to the Royal Commission on Dominion-Provincial Financial Relations, and research associate for the Hutchins Commission on International Relations.

"A graduate of the University of Wisconsin, he had banking experience in Wisconsin and New York City before taking a teaching post on the University of Minnesota faculty. While teaching, he obtained a Doctor of Philosophy degree in 1937.

"His various previous research activities were undertaken while on leave from the University of Minnesota. Dr. Upgren will devote his full time to his work with the Federal Reserve Bank of Minneapolis."

Draft Treaty Ending Extra Territorial Rights

Secretary of State Cordell Hull on Oct. 24 handed to the Chinese Ambassador, Dr. Wei Tao-Ming, for the consideration of the Chinese Government a draft treaty designed to accomplish the United States' proposed relinquishment of extraterritorial rights in China.

This action is said to be pursuant to the Government's announcement of Oct. 9 saying it was prepared to negotiate; referred to in these columns Oct. 22, page 1444.

The State Department's announcement Oct. 24 of the brief ceremony at the Department follows:

"Pursuant to the Department's announcement of Oct. 9, 1942, in regard to this Government's preparedness promptly to negotiate with the Chinese Government a treaty providing for immediate relinquishment of extraterritorial rights in China and for the settlement of related questions, the Secretary of State this morning handed to the Chinese Ambassador, for the consideration of the Chinese Government, a draft treaty designed to accomplish that purpose.

"In handing the draft to Dr. Wei Tao-Ming, Secretary Hull stated that, as the Ambassador knew, this was a step this government had long desired to take, a step in conformity with and in practical application of the fundamental principles of our foreign policy. The Secretary went on to say that, because of his own deep and longstanding interest in the matter, this was to him one of especial personal gratification."

The British Government plans similar action.

Gets Mtg. Banking Award

W. A. Clarke, Philadelphia mortgage banker, has been selected to receive the Mortgage Bankers Association of America's 1942 "most valuable member" award for distinguished and valuable service in behalf of mortgege banking. Mr. Clarke was given the award for acting as moderator on the Association's nation-wide Mortgage Clinic tour this Spring which was devised in anticipation of curtailed trade association activities and a desire of MBA officials "to bring the Association to its members."

Newspapers Must Cut Use Of Materials

At the first meeting of the Newspaper Industry Advsiory Committee with officials of the War Production Board on Oct. 27, Donald M. Nelson, Chairman of the WPB, warned that curtailment of newspaper materials is "absolutely necessary". Speaking informally to the 25-member committee, Mr. Nelson said that newspapers, like other major industries, must face sacrifices in order to conserve manpower and materials for the war effort. He mentioned specifically the need for a cut in newspaper consumption and also in transportation, manpower, copper, zinc, printing ink, steel stitching wire and several scarce chemicals.

Mr. Nelson said, however, that "the printed word is most important in a democracy in time of war" and that he felt continued newspaper operations are essential. He said he realized that newspapers already are making sacrifices to aid the production program and emphasized that any curtailment of essential newspaper materials was done as a "necessary" measure. "This is not a case of government versus industry, but rather a case where government and industry are sitting on the same side of the table to co-operate in winning the war," he said.

An item bearing on the meeting appeared in our issue of Oct 29, page 1551.

Puget Sound Pulp Mills Shut By WPB Order

The War Production Board on Oct. 24 ordered the shutdown of three big pulp mills on Puget Sound and prohibited all shipments of pulp from the Pacific Coast to the East except the types used for explosives and rayon. Both actions take effect Nov. 1.

Regarding the action, Associated Press advices said:

No domestic paper pulp of any grade may move East in November, the WPB said, and "there is every prospect that West coast shipments may be eliminated for the duration, with the exception of deliveries for essential war purposes."

The paper-manufacturing industry, which has obtained a considerable part of its supply from Western areas now afflicted by shortages of manpower and pulp loss, was advised by the WPB that it must make "considerable readjustments in its use of wood pulp."

About 1,100 men will be released for war industry by the shutdown of the three pulp mills. These are the Tacoma, Wash., mill of the St. Regis Paper Co.; the Anacortes, Wash., mill of the Scott Paper Co. and the Tacoma mill of Rayonier, Inc. All three are producers of paper pulp normally shipped East.

The Puget Sound action is in effect a concentration of production in the area. The action "may be extended later to other areas in which critical shortages develop," the WPB's announcement said.

"It was decided that definite steps must be taken to make sure that the shortage of man power and pulp logs would not imperil the production of high alpha and desolving pulps going into essential nitrating, rayon and photographic uses," it was stated. Participating in the decision were the War Man Power Commission, other Federal agencies and representatives of the Puget Sound mills.

In November and December the only pulp production permitted along the entire Pacific Coast will be that for high alpha and desolving pulp, pulps for lend-lease and export requirements, and paper pulp only for the production of paper consumed in the Far Western states.

The prohibition on Eastern shipments was accomplished by tightening the November allocations of wood pulp to mills. Since many non-integrated paper mills are largely dependent on coast pulp producers, steps were taken to allocate the supply of Eastern, lake states and Canadian pulps in such a way as to replace part of the shipments now cut off.

"This will result in a general reduction of pulp inventories in the hands of non-intergrated (those which do not operate their own pulp-producing plants) pulp consumers," the WPB said.

House Approves New Rent Control Bill

The House on Oct. 15 passed legislation to regulate and stabilize rents on all residential and commercial property, including rates charged by hotels and rooming houses.

The measure, requested by James F. Byrnes, Economic Stabilization Director, now goes to the Senate. Under the bill the President is given authority to stabilize rents on property, including stores and offices. The Government's previous authority to stabilize rents was limited to residential property in defense areas.

In appealing for passage of the bill, Mr. Byrnes told the House Banking and Currency Committee on Oct. 14 that uncontrolled rents had risen as much as 200% in some cities.

The Banking Committee's report to the House, recommending passage of the bill, said, in part:

"The Emergency Price Control Act of 1942 provided for a partial control of rents by the administrator, but the authority granted under that act was limited to rents for defense-area housing accommodations within defense-rental areas.

"The Act of Oct. 2, 1942, entitled 'An Act to Amend the Emergency Price Control Act of 1942, to aid in preventing inflation and for other purposes,' granted to the President authority to stabilize prices, wages, and salaries, but made no specific reference to rent.

"It is necessary, in order to stabilize the cost of living and to check inflationary tendencies, that comprehensive control be exercised over rents, and the legislation here proposed will make it clear that all necessary authority, in addition to that granted by existing law, may be exercised for such purposes.

"The bill authorizes and directs the President to issue an order or orders regulating and stabilizing the rent of residential and commercial real property, including the rent and rates charged by hotels and rooming houses. It is understood that the District of Columbia emergency rent act has been interpreted as conferring the exclusive authority for the control of rents in the District of Columbia. Therefore, in order to make certain that the President's authority extends to the District of Columbia, the section specifically provide that rent and rates shall be stabilized in the District of Columbia, as well as in the several states and in the territories and possessions of the United States."

In urging passage of the bill, Paul A. Porter, who is in charge of rent control for the Office of Price Administration, told the Senate Banking and Currency Committee on Oct. 23 that rent control was necessary to prevent bankruptcy of small business men and manufacturers caught between rising costs and fixed price ceilings. Mr. Porter also said that office space was scarce in most cities, particularly defense areas, and that the percentage for cities varied widely with Washington, showing a vacancy ratio of only 0.14%, the lowest in the nation. Baltimore, Atlanta, Dallas and Dayton, Ohio, had ratios of less than 5%.

Leo J. Sheridan, President of the American Building Office Owners and Managers Association, challenged the assertion that office space was scarce. He said there are 25,000,000 square feet of office space available in Chicago, and added that many buildings in other areas had much vacant office space.

John W. Galbreath, speaking for the National Association of Real Estate Boards, told the Committee that to impose an elaborate, far-reaching system of rental controls on business properties could not "be of any possible benefit to the war effort," but would "destroy the desire to own business properties."

Atlantic Charter For All Humanity: FDR

President Roosevelt emphasized on Oct. 27 that the Atlantic Charter "applies to all humanity" and pointed out that both Secretary of State Hull and he had said that several times before.

The President authorized this direct quotation at his press conference when asked for comment on Wendell L. Willkie's speech. Mr. Willkie had said on Oct. 26 that the peoples of some countries he visited were not satisfied with the Atlantic Charter because of its limited scope and were asking about a "Pacific charter" or a "world charter." Mr. Roosevelt told reporters that it was a matter of record that the Atlantic Charter applied to all peoples of the world and said that the name of the document came from the fact that it was signed on the Atlantic by Prime Minister Churchill and himself.

When asked for comment on other phases of Mr. Willkie's speech, the President said that the easiest thing to do was to paraphrase an old cigarette advertisement, saying that there wasn't a controversy in a carload of speeches.

The Atlantic Charter is a declaration of eight principles on which the President and Prime Minister base their "hopes for a better future for the world." It was subscribed to in August, 1940, at their secret meeting at sea and reaffirmed on the first anniversary as noted in our issue of Aug. 20, 1942, page 633.

War Housing Units Above Half-Million

War housing completed since July 1, 1940, now totals some 500,000 living units of all types, John B. Blandford, Jr., Administrator of the National Housing Agency, announced on Oct. 20. This new housing it was explained represents a total expenditure of about $2,000,000,000 in Government and private funds. "Private industry at a cost of approximately $1,400,000,000 has built 355,000 family units located within reasonable commuting distance of a war activity and made available at rentals or sale prices within the reach of the war workers," Mr. Blandford said. He added:

'Private builders also completed in war production areas during this period some 470,000 dwelling units that are not classed as war housing because of their location or cost. These structures were started before the present strict limitations on construction were imposed. All of this private construction of both kinds is estimated to have cost about $3,750,000,000.

"In addition, private builders have under construction for war workers an estimated 76,000 dwellings, valued in excess of $300,000,000 and priority orders have been granted for 111,000 more, although work has not yet begun on these.

"Public housing costing approximately $525,000,000 accounts for 141,690 units of the total completed. This is divided into 116,169 family units of various types, 15,027 dormitory accommodations for single workers, and 152 dormitory, or war, apartments for 2-person families, as well as 10,342 trailers. Trailers are stop-gap housing only, to be used until standard accommodations can be finished. Public housing under construction or contract includes 129,086 family units, 21,248 dormitory units, 13,078 dormitory apartments, and 547 trailers.

"These figures, both as to public and private construction, do not include a substantial number of units completed during this period in communities which were not war production areas.

"The War Manpower Commission estimates that at least 12,000,000 workers will have to be placed in new jobs to take care of increases in employment, replacements for men going into the armed forces, and to replace workers lost from the labor force through death and retirement during the period July 1, 1942 to July 1, 1943.

"This employment shift calls for a minimum in-migration of 1,600,000 men and women to production centers. Because some family groups average more than one war worker per family, this in-migration will require 1,320,000 living accomodations of various sizes and types. Our immediate problem is to house these incoming workers.

"We plan to find 650,000 accommodations in existing structures, which means we must expand our present homes utilization program and institute a vigorous campaign to induce established families to take war guests into their homes for the duration. The scarcity of critical materials makes it imperative now that we use existing housing to the fullest possible extent, converting wherever possible large single family structures to produce additional living units.

"The other 670,000 accommodations must be new housing. Private industry has been asked to build 270,000 family units, for which priority ratings are now available. Public construction, both scheduled and still to be appropriated for, must provide the remainder, which will include 205,000 family units and 195,000 dormitory and dormitory apartment accommodations. This nation-wide program is designed to help meet the minimum housing needs of some 550 localities."

Nelson Urges Industry To Contribute Scrap

Donald M. Nelson, Chairman of the War Production Board, on Oct. 26 asked business and industrial concerns throughout the country to "dig deep and then even deeper" for vital scrap materials. "More scrap," he said, "is expected from industrial plants than from the farms and homes of the country. Nothing is more important to war production than scrap. The amount of scrap we get depends in large measure on industrial scrap. It is essential to the successful solving of the winter supply problem." Mr. Nelson added:

"It is the job of every president, every purchasing agent, every salvage manager, every plant superintendent, every shop foreman and every workman to dig deep and then even deeper for dormant as well as production scrap. Every plant must undergo a thorough, old-fashioned house cleaning. Store-rooms and rubbish piles will reveal tons of old, worn-out equipment and stocks, broken-down machinery and discarded tools. All such scrap materials are wanted badly. Although plant executives may feel that every effort has been made to move scrap from their plant, they should search again and again to make certain that nothing is overlooked. Even if it is only a small item, that item may help save a soldier's life.

"Any equipment that can be used or that can be repaired and put to use for the war effort is not scrap. But what cannot be used belongs on the nation's scrap pile.

"During the second half of 1942 we must get at least 12,000,000 tons of scrap from industrial firms. This is a big order. But, nonetheless, we must reach that goal before winter, when normal supplies of scrap fall off. The need is great; time is all important. And all plants can expect excellent cooperation from the Industrial Salvage Section of the War Production Board, from local communities and from the newspapers of the nation.

"Judging from the unprecedented results obtained by the newspapers in their recent general salvage drive, we know the kind of cooperation they can give, and we are grateful to them for their magnificent job," Mr. Nelson said.

Mr. Nelson recently (Oct. 16) congratulated the nation's newspapers on their magnificent and unprecedented job in the general scrap metal campaign of the past several weeks and asked them to continue their efforts in the industrial salvage drive.

The newspaper scrap metal drive ended in most States on Oct. 17 and estimated tonnage collected was near the 3,000,000 mark. According to the tabulations of the Newspapers' United Scrap Metal Drive Committee, incomplete reports from 44 States showed 2,753,675 tons collected.

The campaign conducted by the newspapers was referred to in our Sept. 17 issue, page 989.

Dairy Farmers To Get Higher Milk Price

The price of fluid milk, as paid to dairy farmers supplying the New York metropolitan milk marketing area was increased to $3.50 a hundredweight on Nov. 1.

According to an announcement by Charles J. Blanford, Federal-State administrator of the New York area, "the November increases will bring the prices of milk for fluid uses to their highest levels since the orders (Federal-Sate price-fixing) first functioned in September, 1938. Compared with last November, the new prices will yield between $975,000 and $1,000,000 in added farm income."

The New York "Times" of Oct. 24 had the following to say:

The farmers' price of Class IIA milk, sold for fluid cream, also will be advanced in November to $2.70 a hundredweight, and the price of Class IIB milk, stored as frozen cream for ice cream manufacture, will be raised to $2.58 a hundred pounds. These three rises are anticipated to increase dairy farmers' income in the six-State milk shed from $484,500 to $534,500 over the total for October.

The fluid milk price rise is the third since June, when the rate was $2.85 a hundred. It rose to $3.10 in July and $3.30 in September. The Class IIA milk price rise is the fourth since August. The Class IIB milk price has gone up four times since July.

Under the Federal-State plan, producers' milk prices are computed on fluctuating wholesale prices in New York of butter and other dairy products.

Danger To Freedom Of Press Seen By Dean Ackerman In Action Against Associated Press

Viewing the recent action of the Government against the Associated Press, as a trend toward "freezing" the press "into a new mold" of Governmental control, Dean Carl W. Ackerman of the Graduate School of Journalism at Columbia University, was quoted on Oct. 21 as saying "if those who are determined to freeze the press succeed in achieving their objective we may have freedom of speech, but be deprived of freedom to speak, because the facilities and instrumentalities of communication will be frozen for the duration and only those governmental officials and agencies beyond censorship control will be able to use them."

Dean Ackerman's remarks were made at the Fourth Accounting Institute dinner at the Hotel Pennsylvania in New York, and according to the New York "Times" he urged the development of "more conscientious objectors," not to military service but to any interference with the constitutional rights of Americans to freedom of speech, press and assembly.

In the "Times" Mr. Ackerman was quoted as saying:

"In all governmental affairs the press is free only to report what is officially released. Editors and publishers are free to comment and to criticize. They are not free to investigate the war effort or to crusade and to report their findings. In so far as this relates to the war, no one has a right to object, because no journalist would purposely or even involuntarily give aid and comfort to an enemy. But the recent law suit filed by the Department of Justice in New York against the Associated Press and 1,275 daily newspapers throughout the country has no justification whatever by the necessities of war. The object of that suit is not to preserve the freedom of the press but to freeze the press into a new mold, not during the war but in perpetuity.

"What is the new mold designed for freezing the press? It is the mold of governmental control. If the Associated Press is frozen into this mold, every other press association and newspaper, every periodical and book, every pamphlet and speech, every radio and forum will be frozen in similar molds, and the Bill of Rights and the Atlantic Charter will be relics of aspirations and ideals, not solemn covenants for the use and progress of humanity."

From the "Times" we also take the following regarding Dean Ackerman's address:

"Even before the attack on Pearl Harbor," he said, "and more vigorously since then, some Government officials have been pressing upon us a domestic revolution designed to freeze our inalienable rights and those of millions of soldiers, sailors and marines who cannot be here to defend themselves."

Dean Ackerman paid tribute to the newspapers for the success of the scrap metal campaign, for their support of every part of the war program, and for their morale-building reports from the battlefronts. Despite the voluntary, enthusiastic and loyal response of the press to the war crisis, he went on, the Government has continued its "freezing process" so that now, he said, "the authority of the Government to control the press is absolute, although called voluntary."

"Every reader of what has been the free press of our country knows that there is not a single day of respite from propaganda advocating fundamental changes in the American way of life," he continued.

"All of these are pressed upon public attention by the same method of creating fear, advocating haste and demanding acceptance. The justification presented for every change is that each one is neccessary to win the war. With a combination of faith and fear. the people acquiesce, and this process goes on day by day and week by week.

"Under the cloak of war emergency, the American way of life is being profoundly changed by law, by directives, by executive orders, by judicial decisions, by consent decrees, and by accomplished facts which the people are told about after the events.

"Under the stress and emergency of war, we are freezing incomes, wages, rents. We are establishing ceilings, restrictions and limitations on our economic and social customs and practices. These changes the people are accepting with remarkable fortitude and good spirit. Today the leaders of our domestic revolution are equally determined to freeze the Bill of Rights. They are determined to substitute freezing the press for freedom of the press. And every reader of every newspaper, pamphlet, periodical and book has a stake in that issue, because freezing the press means freezing public opinion and political action."

Controls Tightened On Currency Import

The Treasury Department on Oct. 16 announced that, after Oct. 31, persons entering the United States from any place other than Mexico, Great Britain, Bermuda, Canada and Newfoundland, will be required to turn over to Customs authorities all the currency in their possession in excess of $50. This ruling supersedes the previous requirement that all currency in excess of $250 be turned over to the Customs authorities. The Treasury Department's new ruling, as made available by Allan Sproul, President of the Federal Reserve Bank of New York, follows:

"The regulations now in effect with respect to currency brought into the United States from Mexico remain unchanged, and two-dollar bills and subsidiary coins may move freely between the United States and Mexico.

"Treasury officials pointed out that the new ruling constitutes a tightening of the controls aimed at preventing the disposition in this country of currency looted by the Axis. When the controls, which require the surrender of imported currency to Customs officials and to Federal Reserve Banks, were inaugurated last spring, an exception was made in order to permit legitimate users of dollar currency time enough to become familiar with the currency regulations. In order to give legitimate users of dollar currency time to adjust themselves to the $50 limitation, the Treasury Department is giving this advance notice of the ruling.

"The Treasury has repeatedly warned persons leaving the United States to carry some means of payment other than United States currency when traveling outside of the United States. Officials said it is assumed that persons arriving in the United States today are aware of our restrictions on the importation of currency as all such persons have had ample opportunity to make arrangements for financing themselves other than by the use of United States currency.

"Treasury officials said that persons leaving the United States should not carry with them United States currency in excess of $50. They declared that not only is it unwise to carry United States currency outside of the United States because of the restrictions upon its reimportation; it is also imprudent in view of the fact that due to this Government's policy dollar currency is worth only a fraction of its former value in Europe and most parts of Central and South America. In fact, they pointed out, regulations adopted in cooperation with this Government's currency program make the general use of dollar currency illegal in most of the other American Republics.

"Attention was also called to the fact that in view of these regulations, travelers may find themselves unable to utilize even the aforementioned $50 amount.

"Traveler's checks, drafts, or telegraphic transfers are the best means of satisfying financial needs while traveling outside the United Staes at the present time, officials observed.

"It was pointed out that the curtailed use and value of dollar currency abroad has had no effect on the dollar as an international medium of credit. The restrictions on foreign dealings in dollar notes have in no way affected the value of dollar drafts, checks or credits."

More Home Financing By Savs.-Loan Ass'ns

Despite a shrinkage in their total loan volume because of restrictions on new building, savings and loan associations are increasingly active in financing the transfer of homes built in previous years, the Federal Home Loan Bank Administration reported on Oct. 24. It is indicated that during August, "home purchase" loans by these thrift institutions amounted to $55,300,000, the highest figure for this category since October 1941, and a gain of $1,100,000 over July. The August total of such loans was 36% above the total for August 1940, indicating the mounting sales demand for dwellings located in areas of concentrated war industries. It is also stated:

"From August 1940 to August 1942, which covers most of America's expansion in war production, total lending of savings and loan associations for that month dropped from $117,600,000 to $92,600,000, a recession more than accounted for by a $29,900,000 decrease in mortgages to finance new construction. The total of loans in this category was $12,600,000 for last August. Loans for refinancing, reconditioning and other purposes decreased less over the two years."

Canadian Crops Good

This has been a year of abundance throughout Canada with satisfactory crops in every province, unusually heavy crops in many districts and a total production of cereals in the Prairie Provinces surpassing all previous records, according to the current crop report of the Bank of Montreal. The bank indicates that the Dominion Bureau of Statistics has estimated Prairie wheat production at 587,000,000 bushels as compared with 293,000,000 bushels in 1941 and an average of 320,945,000 during the past ten years. The average per acre yield is estimated at 28.4 bushels and by provinces: Alberta 29.0 bushels; Saskatchewan 28.3 bushels and Manitoba 26.9 bushels as compared with 15.0, 11.9 and 20.9 bushels last year respectively. The acreage sown to wheat was 2.3% below the previous year. There was an increase of about 27% over 1941 in the acreage sown to coarse grains, while production is estimated to amount to 278% of last year's total. The estimated production of oats is 508,000,000 bushels, barley 255,000,000 bushels, rye 24.693,000 bushels, and flax 16,700,000 bushels.

Associated Press Denies Monopoly Charges In Answer Filed To Government's Suit

The Associated Press, in its answer to the civil action of the Federal Government, charging it with acts of monopoly and restraint of trade, denies the allegations and says "it is neither a monopoly nor has it intended to become such." The Associated Press, in its answer, filed on Oct. 27 in the United States District Court in New York, adds that "on the contrary, competition with AP has steadily increased since AP was organized, and such competition has been fostered rather than hindered by the very provisions of AP's by-laws, which the Government now challenges as constituting an undue and unreasonable restraint of trade."

The Federal Government's action, filed on Aug. 28 last, and referred to in our Sept. 10 issue, page 895, asked the Court for an order to force the AP to open its membership rolls to any newspaper willing to pay the cost.

In its answer the AP says:

"If the news gathered through the cooperative facilities of AP and its members were required to be made available to every one, whether a member or not, the incentive of each member to contribute his time, effort and money to the upbuilding of an organization for the mutual benefit of himself and of others making a like contribution would disappear. No matter how great the contribution of the member had been, or over how long a period it had been made, he would enjoy no competitive advantage over others who had not thus ventured their time and resources. Under such circumstances, the loyalty so essential to the efficient and successful operation of a mutual enterprise could not survive. Instead of going beyond the letter of his obligation in order to maintain a superior service from which he hoped to derive his share of the benefit, each member would appraise his relationship to AP solely in the light of the immediate return to him. He would thereupon become merely a buyer and seller of news, and cooperation in a mutual enterprise would be replaced by arm's length bargaining. AP would become merely another commercial news agency."

In its further denial of the Government's complaint the AP according to a summary in the New York "Sun" of Oct. 27 states:

"It is the fundamental law of the land," the answer continued, "that no statute shall be construed as to abridge the freedom of the press. A fress press requires that newspapers shall be free to collect and distribute the news and that they shall be free to choose their associates in so doing.

"This right is now challenged by the means of a novel interpretation of the anti-trust statutes, which is designed to foster a particular newspaper, to wit, the Chicago Sun.

"A sorollary of the assertion by the Government of the right to foster one newspaper is the assertion by the Government of the right to destroy another newspaper.

"A corollary of the assertion by the Government of the right to determine who may be associates in collecting and distributing news is the assertion by the Government of the right to determine what news shall be collected and distributed and under what conditions.

"The Congress has never asserted any right or power to regulate newspapers or news agencies in the collection and distribution of news."

The answer said further:

"The impartial and unbiased character of the news furnished to AP by its members and to the members by AP is assured by the fact that the membership represents a cross section of opinion on all issues of general interest, and by the fact that the membership has the power not only to control their co-operative enterprise but also to invoke disciplinary action against any member who departs from the standard of integrity in the reporting and publishing of AP news."

The AP answer also focuses upon the membership application of Marshall Field's Chicago Sun, which was rejected at the last annual meeting of AP members in April.

The vote of the members, 684 to 287, denying the Field application, the reply says, was due largely, if not entirely to three obstacles erected by Field and representatives of the anti-trust division of the Department of Justice.

Investments Up In Insured Institutions

Savings and investments placed in insured savings and loan associations during August totaled higher than in any similar month since the Federal Savings and Loan Insurance Corporation was established eight years ago, Oscar R. Kreutz, General Manager of the Insurance Corporation, reported on Oct. 24. The announcement further said:

"More than $70,000,000 of new investments were received by these thrift institutions from the public during the month, compared with $62,000,000 in August, 1941. Repurchases of shares for the month amounted to $42,000,000, equivalent to 59% of the new funds receieved. This is the lowest ratio of repurchases to new investments for any August in the four-year period for which this information is availtble. It compares with a ratio of 77% in the same month last year.

"At the end of August, investments of the public held by these 2,380 insured associations had reached $2,800,000,000.

"The Sept. 30 balance sheet of the Federal Savings and Loan Insurance Corporation itself reveals assets of the Corporation now at $135,953,143, as compared with $133,069,394 at the end of 1941. Over the first nine months of this year, the Corporation's reserves increased from $31,310,326 to $34,371,949."

Asks For Single Oil Head

More complete coordination among Government agencies having jurisdiction over oil through the establishment of a single oil administrator with broad powers was called for on Oct. 23 by Representative Cole (Dem., Md.), Chairman of a House subcommittee on petroleum. In his report to the President, Mr. Cole suggested " . . . a man, during the war period only, who has the organization available to furnish the information and to dictate the following things, according to Associated Press accounts from Washington:

1. "To restrict or encourage the drilling for oil.

2. "To acquire under the War Production Board essential materials, strategic or otherwise, for the development of oil refining and pipeline, in such amounts as may be designated by the armed forces.

3. "To set whatever prices may be necessary over the products to insure their production, processing and delivery in the needed quantities and types."

Mr. Cole declared that "with our present transportation and present rate of discovery, showing any regard for conservation, we will be short of oil within two years."

Muir Of NAM In London To Study War Problems

Malcolm Muir, Chairman of the War Committee of the National Association of Manufacturers and President and Publisher of Newsweek, who recently left by airplane for London, England, arrived in that city on Oct. 22. In a statement following his arrival in London, Mr. Muir said: "I am glad to be in the British Isles today, where already many, many thousands of my countrymen are in training and fighting alongside of your forces and those of the United Nations." Mr. Muir indicated that he had gone to England for two purposes, saying:

"First, as Publisher of Newsweek, to get more background material from this key section of global war. We believe in America that a well informed public is vital to the successful prosecution of the war. This war is different from all other wars, as it is not only waged by the armed forces but by every civilian, as you have so magnificently shown. Unless the American press fully understands your aims and plans and how our own expanding army here is cooperating in the common plan, we cannot adequately interpret the dispatches our great staffs of correspondents are sending over daily.

"My second and equally important purpose is, as Chairman of the War Committee of the National Association of Manufacturers, to learn at first hand how your great industries have met and so successfully solved the problems of their Herculean war effort and how British business has met the impact of the total war economy.

"I am looking for your experiences which may guide American industry in overcoming some of the problems with which it is faced today, problems with which your manufacturers, big and little, have wrestled and met so successfully. I hope that H. Kennedy McCook, Executive Secretary of the NAM War Committee, who is with me, and I will get further light on your handling of some of our more perplexing questions."

Mr. Muir further stated that "we shall also study your system of price control and its hand-in-hand relationship with the control of cost of living," and in part he added:

"I would like to emphasize another objective of my trip. It is to open the doors for a greater exchange of information and facts between the industrialists and businessmen of our two nations. The time is ripe for a United Industry Front. A front made up of the manufacturers of England and the United States that will march forward arm-in-arm. This war will be won by fighting men guided by able military leaders and supplied with the best weapons our united industries can produce. The manufacturers of Great Britain, the Dominions, and the United States can do this and I hope my visit will help to aid them in speeding up that job."

Bank Supt. White To Join Guaranty Trust

The resignation of William R. White as New York State Superintendent of Banks, in order to become a Vice President of the Guaranty Trust Company of New York, was announced on Oct. 28 by Governor Herbert H. Lehman. In his new bank post, Mr. White will serve as a general banking officer for the area that includes New York State, New Jersey, Delaware, Maryland and the District of Columbia.

Born in Coudersport, Pa., Mr. White was educated at Bucknell University, and the Columbia University Law School where he was graduated in 1929. He was admitted to the bar and was associated for about a year with a New York law firm.

On August 11, 1930, Mr. White was appointed Assistant Counsel in the State Banking Department by former Superintendent of Banks Joseph A. Broderick. Four years later he was made Deputy Superintendent and Counsel and in January, 1936, he was appointed Superintendent of Banks by Governor Lehman. At the time he was 32 years of age, the youngest Superintendent of Banks ever appointed in New York State. Now at the age of 39 he has served as Superintendent six years and ten months, with one exception, the longest period ever served by any Superintendent in the 91-year history of the Department.

From the Guaranty Trust's announcement the following is taken:

"Entering the Banking Department as the depression of the '30s was getting under way, Mr. White has served in several positions of bank supervisory responsibility during one of the most eventful periods in the history of banking. The closing of the Bank of United States, the bank holiday of 1933, the establishment of the Federal Deposit Insurance Corporation, the revision of banking laws, and the stabilization of the banking system were among the noteworthy events of this critical period when heavy responsibilities rested upon both State and Federal bank supervisory officials.

"Having observed this long series of developments, when Mr. White became Superintendent of Banks he recognized the need for a general revision of the banking law. Under his direction the necessary bills were drafted by the staff of the Banking Department and introduced in the Legislature where they were enacted into law.

"Another accomplishment of Mr. White's administration was the reduction in the maximum interest rates which small loan companies may charge on loans not in excess of $100, many of which are of a necessitous character. He undertook a detailed study of the earnings of the small loan companies and in two special reports to the Governor concluded that the rates which the companies were permitted to charge were too high. The Governor transmitted the reports to the Legislature urging that the recommended rate reduction be enacted into law. Such a rate reduction was effected by the 1941 session of the Legislature.

"During Mr. White's term of office the banking structure of the State was strengthened through the recasting of capital structures, the liquidation of sub-standard assets, the improvement of personnel in key positions, and through a number of mergers and consolidations. The accomplishment of this program required resourceful planning and extensive negotiation with bank directors and with officials of Federal agencies.

"In 1937, he was elected President of the National Association of Supervisors of State Banks and for the past four years has served as Chairman of the Association's Executive Committee. The Association has been instrumental in promoting many reforms in the interest of a stronger banking system throughout the country. It has worked closely with Federal agencies to secure greater uniformity in bank examinations and improve supervisory policies and practices."

Mr. White is a trustee of his alma mater, Bucknell University. In May, 1942, he was awarded an honorary Doctor of Laws by Union College.

Canada Board Curtails Newsprint Production

Curtailment of newsprint production in nine mills in the Province of Quebec went into effect on Oct. 14 in accordance with an order of the Canadian Wartime Prices and Trade Board. The curtailment was ordered to release 50,000 horsepower for war industries and also to divert manpower. The mills affected are the Beaupre Mill of the Abitibi Power and Paper Co., Ltd.; the Grand Mere, Shawinigan Falls and Three Rivers Mills of the Consolidated Paper Corp., Ltd.; the Quebec Mill of the Anglo-Canadian Pulp and Paper Mills, Ltd.; the Donnacona Paper Co., Ltd., mill at Donnacona; the Donohue Brothers mill at La Malbaie; the Three Rivers mill of the St. Lawrence Paper Mills Co. and the Three Rivers Mill of the Canadian International Paper Co.

Other Canadian newsprint mills have also curtailed their output.

In September Canadian mills produced 257,618 tons and shipments amounted to 392,405 tons, both figures being below the same month last year. The operating ratio at 72.4% was the best in the last five months, while the ratio of shipments to capacity increased to 82.1%, the highest since last March.

September Truck Freight Volume 4.3% Over Aug.

The volume of freight transported by motor carriers in September increased 4.3% over August and 7.0% over September, 1941, according to reports compiled and released on Oct. 26 by the American Trucking Associations.

Comparable reports were received by ATA from 204 motor carriers in 40 States. The reporting carriers transported an aggregate of 1,534,065 tons in September, as against 1,471,521 tons in August, and 1,433,557 tons in September, 1941.

The ATA index figure, computed on the basis of the average monthly tonnage of the reporting carriers for the three-year period of 1938-1940 as representing 100, was 180.27.

Approximately 82% of all tonnage transported in the month was reported by carriers of general freight. The volume in this category increased 3.7% over August, and 7.0% over September of last year.

Transporters of petroleum products, accounting for about 10½% of the total tonnage reported, showed an increase of 15.2% over August, and held 66.3% over September, 1941.

Haulers of iron and steel products reported a little more than 2½% of the total tonnage. The volume of these commodities showed a decrease of 11.5% under August, and dropped 15.2% under September, 1941.

About 5% of the total tonnage reported was miscellaneous commodities, including tobacco, milk, textile products, bricks, building materials, cement and household goods. Tonnage in this class showed an increase of 1.7% over August, but declined 33.1% under September of last year.

WPB Livestock Control

Donald M. Nelson, Chairman of the War Production Board, issued an order on Oct. 21 conferring upon Secretary of Agriculture Wickard authority to control the disposition and marketing of livestock in the interest of maximum production of meat for War needs. This order, according to the Associated Press, would serve as the legal basis for a permit or allocation system which Wickard has said may be necessary to handle a record supply of hogs to be marketed this winter.

Business Urged To Make Personnel Inventory To Meet Tightening Labor Situation

American business and industrial firms were advised on Oct. 20 by Otto S. Beyer, Director of the Division of Transport Personnel of the Office of Defense Transportation, to initiate at once a personnel inventory so as to be better able to meet the tightening labor situation. Mr. Beyer's recommendation was made in an address to the War Problems Convention of the American Trucking Associations, Inc., at St. Louis.

Mr. Beyer, who is also a member of the War Manpower Commission, suggested these steps as the general outline for such an inventory.

"1. Such a personnel inventory should permit a classification of all the employees of the company, according to occupation, sex, age, dependency, and any other factors which would assist in determining the potential Selective Service classification of employees. This classification will permit you to know with fair precision the nature of your immediate Selective Service problem.

"2. This personnel inventory should include a record of turnover by occupation, for at least the last three to six months. If you have not made such a record you are going to find out that the problem of replacement due to turnover is several times as great as that occasioned by enlistment or draft. This turnover record should cover separations from your service by occupation and date and cause of separation, and should also include a record of new employees by occupation, date of employment and source from which they were obtained. These two records together will spotlight the occupations in which your replacement problem is greatest, will show you the extent of that problem and may indicate measures you might take to decrease turnover.

"3. Such an inventory should include a list of the occupations in which women are employed, together with an estimate of the number that can be employed in such occupations, and a listing of occupations suitable for women in which you are now not employing them. The definition of suitability should be in war terms, and not in peace terms. The sole consideration should be whether or not it is possible to obtain women for such occupations and whether they will be able to deliver the goods once employed.

"4. Your inventory should include a list of occupations in which a greater number of men with minor disabilities or a greater number of older men can be employed.

"5. It should include a list of occupations in which the employment of Negroes and other nonwhites can be increased.

"6. Your personnel inventory should include an analysis of the training facilities you now have, the number of persons in training and the maximum capacity of these training facilities. An estimate of the traning time required for the principal jobs or classes of employment in your company also will be helpful. Finally, let me suggest that you include in your training inventory an 'understudy analysis.' By this I mean that you should make a list of the key positions in your company, and then determine, tentatively, at least, who might be promoted or transferred to fill each of these positions if a vacancy should occur."

From the facts disclosed by a personnel inventory, Mr. Beyer said, companies should be able to plan both a short-term and a long-term personnel program.

Named Director Of Boston Reserve Bank

Allen W. Holmes, President of the Middletown (Conn.) National Bank, has been elected a Class A Director of the Federal Reserve Bank of Boston. Mr. Holmes, former President of the Connecticut Bankers Association, was elected by member banks in Group 2, composed of banks having a combined capital and surplus of more than $300,000 and less than $1,200,000. He was elected to serve the unexpired portion of the term ending Dec. 31, 1943, succeeding Lewis S. Reed, who resigned.

French Resistance To Forced Labor Praised

Secretary of State Hull, in commenting upon Pierre Laval's demand that French people must work for Germany, voluntarily or by compulsion, said on Oct. 21 that it was gratifying to see opposition to this "proposed and forced service of enslavement of French labor." Some time ago, Secretary Hull remarked that such a condition was "about as much a state of slavery," if not worse, than being a prisoner of war confined in Germany.

Mr. Hull's statement follows:

"I think you will recall that this government at present, the President and the State Department in particular, really took the lead after the setting up of the government at Vichy—took the lead in proclaiming and keeping alive all the doctrines and policies and ideals of what was once the great free French Republic and in condemning all pro-Hitler acts of M. Laval just as we condemn Hitler himself.

"We have kept alive as best we could by public statements an intense opposition to every phase of Hitlerism wherever it existed and have given all possible encouragement to the people of France to keep alive the great ideals and ideas of freedom and popular institutions which made that country so great.

"I, some weeks ago, in referring to this question of labor being picked up and sent over from France to Germany said that it was about as much a state of slavery to have labor sent over there and put under forced service as it was, if not a little more, to be a prisioner of war confined in Germany; that I assumed that the French people would view it that way and it is very gratifying to see signs cropping out increasingly through France that the people are awakening to all of those conditions which Laval is attempting to impose upon them, and especially in their intense opposition to this proposed and forced service of enslavement of French labor."

Leland Chairman Of Chicago Reserve Bank

The Board of Governors of the Federal Reserve System announces the appointment of Simeon E. Leland of Chicago as Chairman of the Board of the Federal Reserve Bank of Chicago. Mr. Leland, who is Chairman of the Department of Economics at the University of Chicago, had served as a Class C Director of the Bank since Jan. 1, 1941, and as Deputy Chairman since Jan. 1, 1942. W. W. Waymack, of Des Moines, Iowa, who has been serving as a Class C Director of the Chicago Reserve Bank since Jan. 1, 1942, was appointed Deputy Chairman to succeed Mr. Leland. Mr. Waymack is editor of the Des Moines "Register-Tribune".

WLB Adopts Three Point Program To End Wildcat Strikes Slowing War Production

The National War Labor Board adopted on Oct. 17 the following three-point program designed to remove the remaining wildcat strikes interfering with war production:

1. All Board mediation panels and investigators assigned to cases where there have been strikes or lockouts are to report to the Board the relation of local and international union officers to the strikes and of their efforts to prevent its occurance.

2. These panels and investigators are to report also on the relation of management to the strike, particularly on the question of whether management has fully discharged its obligations to settle all grievances as promptly as possible.

3. On the basis of a thorough investigation, these panels and investigators are to make recommedations for the prevention or repetition of such strikes.

The board's announcement also said:

"The resolution calling for this action which was adopted unanimously by the public, labor and industry members of the Board, pointed out that the outstanding record since Pearl Harbor—less than one man-day lost out of every 1,000 worked—should be improved. It added that the whole of the bad effect of these strikes on war production cannot be measured by man-days alone, since production shortages at one point cause shortages at other points."

The resolution stated:

"Workers must realize that no grievance, however great, justifies an interruption of war production. It is the solemn duty of all war workers and of all local organizations of labor to abide by and support the no-strike agreement, and to refer all such disputes to the War Labor Board machinery, including the Conciliation Service.

"There is an equal obligation upon management to support this agreement. That obligation requires that management should be and remain above suspicion in its handling of all grievances. No room should be left for the thought in the minds of the workers that the management at any particular plant is attempting to take advantage of the fact that the workers have bound themselves not to strike. Loyal managers will exert every effort to settle all grievances promptly, going beyond the ordinary peacetime efforts in that direction to show affirmatively their recognition of this obligation."

Commending the War Labor Board for its three-point program to reduce "wildcat strikes" interfering with war production, the National Association of Manufacturers, in a statement issued Oct. 21, urged its 8,000 member companies to give full cooperation to the Board in making this program effective.

Study N. Y. State's Farm Labor Problems

A committee to make a statewide study of New York's farm problems was appointed Oct. 25 by Mrs. Anna M. Rosenberg, Regional Director of the War Manpower Commission. Headed by Joseph King, farm placement supervisor of the United States Employment Service, the committee will study the problems of adequate supply of labor for dairy farms, formulation of plans for an orderly retention and recruitment of workers for year-round farm work, to be worked out in close cooperation with Selective Service officials; and development of an emergency program of labor recruitment for Spring and Fall work next year.

Ask Cooperation From Employers Regarding Unemployment Ins. Law

An appeal to all employers to "give assistance to the State in its efforts to administer the Unemployment Insurance Law effectively" was issued Oct. 22 by Milton O. Loysen, Executive Director of the Division of Placement and Unemployment Insurance. Mr. Loysen explained that employers can help accomplish this end by reporting to the Division all instances in which employees quit voluntarily without good cause, or lose employment because of misconduct, or because of a strike or other industrial controversy. Mr. Loysen said:

"Workers who lose their jobs for any of these reasons are subject to penalties insofar as their rights to unemployment insurance benefits are concerned. The Division invokes these penalties whenever it has adequate evidence. However, it must have such evidence.

"Employers, by operation of the law, receive a form from the Division, asking pertinent information concerning former employees who claim unemployment insurance benefits. Most employers, I am happy to say, cooperate wholeheartedly and promptly return these forms. However, recent tests have shown that some employers are lax in reporting this information. Reports not received on time may permit unwarranted payments to be made and failure to report at all may leave the Division without any clue to circumstances which, if known, would completely disqualify the claimant or at least penalize him."

Sept. Lend-Lease Aid At New Monthly High

Lend-lease goods transferred and services rendered reached a new monthly high of $643,000,000 in September, Edward R. Stettinius, Jr., Lend-Lease Administrator, reported to President Roosevelt on Oct. 25. This compares with a previous peak of around $600,000,000 in July. The comparative figure for August was $575,000,000.

The Associated Press further said:

"Of the $643,000,000 for September, $544,000,000 represented goods transferred. More than 75% of these transfers were shown as military items, and represented the highest dollar volume of such items to be furnished under lend-lease in any single month to date. Of the August transfers 58% were military items.

"Goods transferred means goods actually exported and awaiting export at seaports."

Taylor Reports To FDR

Myron C. Taylor, President Roosevelt's personal representative to the Vatican, who returned to this country on Oct. 12, reported to the President on Oct. 16 regarding his conversations with Pope Pius XII.

Acting Secretary of State Sumner Welles was also present. Mr. Taylor, who also conferred with British officials before returning to the United States, gave no details concerning his report.

His return to this country was noted in our issue of Oct. 22, page 1442.

U. S. Govt. To Lease Homes for War Workers

The Federal Government plans to lease privately-owned homes and buildings and remodel them to provide living quarters for war workers.

John B. Blandford, National Housing Administrator, said that vacant houses and those with a large amount of unused space will be the types favored, adding that voluntary leasing would be pushed to the limit, but "if this does not yield a sufficient amount of necessary housing on time, we shall be forced to recommend the compulsory use of available private facilities through billeting, commandeering, requisitioning and similar devices."

Mr. Blandford explained that the leasing program was in addition to the $600,000,000 new construction program now under way, since all the new housing which could be built by June, 1943, either through public or private resources, could not possibly care for the 1,600,000 new workers expected to be drawn into war production centres before that time.

At least 650,000 workers, Mr. Blandford said, must be cared for through existing housing, and experience has shown that only a program to convert and remodel the housing can supply enough family accommodations.

The Government's leasing plan involves the following:

Leasing private homes which can be converted into additional accommodations speedily and with a minimum use of critical materials and which are located in districts within reasonable transportation distance of war plants and where conversion is permissible under zoning laws.

Leasing the properties at a "fair rental," making alterations to meet the needs of war workers, renting and managing the converted properties for the duration and then returning them to their owners after the war.

The owners will be permitted to occupy part of the converted structures, if necessary. The program will concentrate on houses, combination business - and - residential properties and small apartment houses and flats. Larger structures, such as warehouses and abandoned hotels, which are suitable for reconditioning and conversion, will be leased or purchased.

Meanwhile, the NHA will intensify its drive to induce home owners to accept "war guests" for the duration, and simultaneously will continue to seek a maximum amount of conversion through the use of private funds.

Rules On Parcels For Armed Forces Overseas

Postmaster Albert Goldman of New York has informed mailers that both the War Department and the Navy Department have stated that no food should be enclosed in parcels mailed to members of the armed forces overseas, not only because crumbs or other matter escaping from the parcels attract vermin, but for the further reason that the armed forces are amply supplied with food. The advices of Postmaster Goldman further states:

"It has been noticed that shoe boxes are being used as containers for gifts sent overseas, and while a shoe box has been previously mentioned in connection with Christmas mail for members of the armed forces overseas, it was done solely to indicate the maximum size desirable and not with the thought that an actual shoe box would be used for such parcels. Pasteboard shoe boxes are not strong enough for this purpose and patrons are cautioned against using anything so fragile for parcels sent overseas."

Only Manufacturing Corporations Show Net Savings Between World Wars, Board Reports

Manufacturing corporations were the only corporate group to show net savings for the period intervening between World War I and World War II, and even this group paid out $6,600,000,000 more than it took in during the period from 1930 to 1940 inclusive, according to the National Industrial Conference Board. The Board under date of Oct. 25 said:

"These corporations have reported positive savings in each year of operations since 1936, with the exception of the brief swing into negative withdrawals in 1938. They were the only corporate group whose disbursements were kept lower than their receipts in the 1936-1937 recovery. Yet their positive savings of $2,300,000,000 for the years 1936 through 1940 offset only about a fourth of their cumulative negative savings of $8,900,000,000 from 1930 through 1935, according to the Board's compilations.

"Corporate savings in manufacturing in 1940 of $1,685,000,000 were larger than in any other year since 1919. The comparable total for 1929 was $1,378,000,000, while the peak for the Twenties came in 1923 when $1,413,000,000 of income was retained."

Analyzing the records of other corporate groups, the Board says:

Trade

"Corporations engaged in trade were second only to the manufacturing group in the amount of net income retained in 1940. Their positive savings of over $300,000,000 in that year compared favorably with the rate of accumulation prevailing during the Twenties. It was surpassed only in 1919, 1923, 1925 and 1928. Savings in both distribution and finance turned downward sharply in 1929, well in advance of the down-turn in the remaining major groups.

"Over the 22-year period, the cumulative total of savings by the trade group remained negative to the amount of $359,000,000. Their positive savings of $263,000,000 during 1936-1940 are equivalent to only 8% of the $3,100,000,000 of withdrawals incurred during 1930-1935.

Construction

"In construction, positive savings of $18,000,000 were reported in 1940, after an unbroken 10-year period of capital dissipation. Withdrawals reached a peak of $132,000,000 in 1932 but were steadily reduced thereafter until they totaled only $9,000,000 in 1938 and $6,000,000 in 1939. Over the 22-year period the cumulative record of savings remained negative to the extent of $188,000,000.

"Net income retained in 1940 was only about half the annual additions during 1923-1929 when the construction cycle was at its peak. Over these seven years, construction corporations set aside $264,000,000. Their levy upon capital funds in the decade that followed was nearly twice this amount.

"Manufacturing, trade and construction were thus the only major corporate groups that retained part of their net income in 1940. The aggregate retained by these industries was slightly above $2,000,000,000, while the negative savings of remaining major industrial groups totaled fully $900,000,000. In each industry in the latter group, negative savings have been incurred almost without exception in every year since 1929.

Finance

"Corporate withdrawals of $559,000,000 in finance in 1940 were larger than the aggregate for the two preceding years. They reached a peak of $1,900,000,000 in 1932 and totaled over $5,000,000,000 for the years 1931-1933. Drafts on capital in these three depression years exceeded the $4,200,000,000 of net income retained during 1922-1929.

"Financial corporations alone accounted for almost two-thirds of all negative savings in 1940. Their cumulative record of savings for the years 1922-1940 is negative to the amount of $3,800,000,000.

Transportation and Other Public Utilities

"Although corporations engaged in transportation and other public utilities incurred negative savings of $108,000,000 in 1940, the draft upon capital in that year was the lowest since 1929. The highest level of savings reported by this group was $608,000,000 in 1923, while withdrawals were most severe in 1932 and were almost twice this amount.

"The cumulative record of savings for the years 1922-1940 is negative to the extent of $3,600,000,000. From 1922 through 1929, the group set aside about $3,300,000,000, ranging from $147,000,000 to $608,000,000. Withdrawals from 1930 through 1934 alone exceeded the previous accumulation, while further negative entries in the recovery period thereafter resulted in additional dissavings of almost $3,000,000,000.

Mining

"Capital dissipation has been the rule in mining since 1920. This group had the largest dissavings of any of the major industries for the years 1922-1940, and accounted for almost a third of all corporate withdrawals over the period. About 40% of the aggregate withdrawals of $3,900,000,000 since World War I were made in the period before the Thirties.

"The negative entry for 1940 was $139,000,000 as against dissavings of $123,000,000 in 1939 and $140,000,000 in 1937. The sole positive entry of $147,000,000 was reported in 1920 while the largest negative item was $393,000,000 in 1931.

Service

"Corporations in the amusement, hotel and other service fields more closely approached positive savings in 1940 than did any of the other major dissavings groups. Negative savings incurred by the service industries totaled only $19,000,000. They had grown successively smaller each year since 1932 when the amount of dissavings reported approached $500,000,000.

"Since World War I, service corporations have suffered negative savings of $1,800,000,000. They entered the Thirties with $237,000,000 of positive savings to their credit. The maximum savings attained was $55,000,000 in 1925."

Conferences On Retail Furniture Problems

The National Retail Furniture Association is currently sponsoring a series of conferences in various cities seeking to analyze the outlook for the trade, since marketing and governmental control problems with which dealers in furniture and home furnishings are contending have become so serious. The first meeting, covering the Mid-West, was held in Chicago on Oct. 29 and the second conference, concerning the Atlantic seaboard, will be held today (Nov. 5) in New York City. The Southeastern Conference will be held in Atlanta Nov. 10 and 11. According to Roscoe R. Rau, Executive Vice President and Secretary of the Association, the retail furniture trade is facing these nine major problems: the availability of goods, merchandising in wartime, curtailment of services, delivery restrictions, rationing, price regulations, transportation, Regulation W and tax problems.

Living Costs In Large Cities Advanced 0.3% Between Aug. 15-Sept. 15, Labor Bureau Says

A rise of 0.3% in living costs for families of city workers from Aug. 15 to Sept. 15, 1942 was reported by Secretary of Labor Perkins on Oct. 25. This represents a rise of 1.6% since mid-May, when the General Maximum Price Regulation became effective. Some further rise has occurred since Sept. 15, particularly in food costs, so that the Executive Order of Oct. 3 froze living costs at a level about 20% higher than in August, 1939, the month before the war broke out in Europe. This compares with an increase of 30% in the same period of the last war.

From the Labor Department's announcement we also quote:

"Between mid-May and mid-September, 1942, food costs moved up over 4%, while rents and clothing costs were lower. Prices of housefurnishings were higher and service charges had been advanced. Taken as a whole, the cost of goods and services under the control of the Office of Price Administration were below the level prevailing in mid-May when controls were established. Commodities and services not subject to OPA control, largely foods and professional and personal services, however, had risen 4.7% between May 15 and Sept. 15. Thus, although prices of foods under OPA control were at about the same level as in May, prices of uncontrolled foods had risen over 10%.

"The following table shows changes since a month ago, three months ago, and since May, incorporating revisions of July and August figures:

	8-15 to 9-15, 1942	6-15 to 9-15, 1942	5-15 to 9-15, 1942
All items	+0.3	+1.2	+1.6
Controlled	+0.2	+0.5	—0.3
Uncontrolled	+0.4	+2.9	+4.7
Food	+0.4	+2.8	+4.1
Controlled	+0.5	+1.2	+0.2
Uncontrolled	+0.3	+5.2	+10.2
Clothing	+0.5	+0.4	—0.3
Rents	*	—0.5	—1.7
Fuel, electricity & ice	*	+1.1	+1.2
Housefurnishings	+0.5	+1.1	+1.1
Miscellaneous	+0.3	+0.5	+0.5

* No change.

"In the month from mid-August to mid-September, the principal increases were in foodstuffs, with the exception of seasonal declines in some vegetables and fruits; and in clothing and housefurnishings, as new fall lines were introduced at prices higher than those prevailing last winter. Rents were comparatively stable, with slight declines reported in cities recently brought under OPA control. Costs of fuel were higher in mid-September, particularly as compared with June levels, in part because of seasonal advances in coal.

"**Food Costs:** Retail costs of food rose 0.4% between mid-August and mid-September. Price increases were reported for most important foods except fresh fruits and vegetables, which showed substantial seasonal decreases. However, eggs, dairy products, and meats rose in price by somewhat less than their usual August to September advance.

"Prices of food not under direct control by the OPA increased slightly more than 0.3% over mid-August and by mid-September were 10.2 higher than on May 12 and 34.6% above the 1935-39 average. The advance from August to September was much smaller than in previous months because of the substantial seasonal decline in prices of fresh fruits and vegetables, but prices of other foodstuffs not under control of the OPA continued to increase sharply.

"Prices of foods under OPA control increased an average of 0.5%. Increases were reported for beef and veal (0.6%), pork (0.6%), and lamb (0.5%). In other years, advances in meat prices at this season have usually been much larger. Prices of canned fruits rose as the 1942 pack moved into the retail markets and ceilings were adjusted under the OPA regulations of Aug. 5.

"**Rent:** Although there was no change in rents for the large cities as a group, in eight of the 21 cities in which quotations on rents are obtained monthly, rents declined slightly from August to September. Federal control of rents had been established before Sept. 1 in six of these eight cities. In Kansas City, where control was established on Sept. 1, and in Houston, where there is as yet no Federal control, the average rental bill also declined slightly (0.2% in both cities) over the month.

"During the quarter ending Sept. 15, Federal control of rents was established in 17 of the 34 cities covered by the Bureau of Labor Statistics' cost of living index. This action brought rents in 24 of these 34 cities under Federal control. In 13 of the 17 cities, rents dropped over the quarter. The largest declines occurred in Baltimore (6.2%), Jacksonville (4.8%), and Indianapolis (3.4%). In all but one city (Scranton) of the 10 in which controls have not yet been imposed, the net rental bill increased from mid-June to mid-September.

"With the current cost of living survey, the Bureau of Labor Statistics inaugurated a new method of obtaining quotations for rents in 13 of the 34 cities covered. In these 13 cities, rental quotations were obtained directly from tenants, whereas in the past, the data have been obtained in large part from rental management agencies. This change was made in order to maintain the accuracy of the Bureau's rent data in the war situation, since many owners are now renting to tenants directly. Further, suburban areas around a number of the cities have for the first time been included in the reports.

"**Fuel, Electricity and Ice:** There were general increases in fuel prices, both from August to September and for the entire quarter covered by this report. In all the Northern cities on the Atlantic Coast in which fuel oil is used for heating the net prices in September were higher than in June, as the advance early in July was not fully absorbed in the reduction ordered in August. Kerosene prices also rose throughout the East and coal prices were higher at the end of the quarter in 14 cities. The largest increases occurred in Cincinnati, Cleveland, Detroit, and Mobile. There was a large rise in the price of wood and sawdust in Portland, Oregon. The price of ice was generally stable, except for a rise in September in four cities and a decline in one. Utility rates also were stable during the quarter with the exception of advances in gas rates to domestic users in Boston and in Portland, Maine, as a result of increases in coal prices, and a reduction in Houston.

"**Clothing and Housefurnishings:** Increases in clothing costs were quite general from August to September and in the quarter ending Sept. 15, as fall and winter clothing appeared in retail stores at prices higher than those which prevailed last winter. Prices of most year-round goods remained unchanged, or declined because of special sales in a few cities.

"Prices of men's topcoats and wool suits and of women's winter coats were from 6 to 14% higher than last December. Women's percale dresses rose by 0.9% from August to September, bringing the total increase since December to 12%.

"There was a net rise in the cost of housefurnishings both in the month and in the past quarter, although there was considerable variation from city to city. In spite of the recent rise, prices on Sept. 15 of most important housefurnishings were still below the May 15 level, before controls were established.

"Prices of sheets dropped in some cities and increased in others. Blanket prices in September were higher in many cities than they were last fall. Electric light bulbs were the only articles for which consistent price decreases were reported this quarter throughout the country.

"**Miscellaneous Costs:** From June to September there were large increases in service costs which constitute an important part of the miscellaneous expenses of city families of moderate means. Laundry services, dry cleaning, shoe repairs and automobile repairs were placed under Federal control on July 1. However, professional and personal services, such as those rendered by barber shops and beauty parlors, and by physicians, surgeons, dentists and hospitals are not under OPA control, nor are motion picture admissions and newspaper prices, and these charges have continued to rise.

"The growing shortage of doctors and nurses and the consequent pressure on the medical profession resulted in increases in fees to physicians, surgeons, dentists or hospitals in 22 of the 34 cities covered by the index. In the last month of the quarter, large increases in miscellaneous costs occurred in Pittsburgh, where admissions to motion pictures and the price of newspapers were both increased, and in Denver and Philadelphia, where barber-shop charges were increased."

NAM To Sponsor War Health Clinic Series

Realizing that "all the machines in the world are worthless unless there are strong, capable workers to operate them," the National Association of Manufacturers announced on Oct. 19 it will intensify its efforts this Fall to stress industrial health and nutrition programs through a series of Wartime Clinics on Health in Industry. The first of the series of Fall clinics is scheduled for Nov. 4 at Camden, N. J., under the joint sponsorship of the Manufacturers' Committee of the Camden County Chamber of Commerce and the NAM. Dr. Victor G. Heiser, author of "An American Doctor's Odyssey" and consultant to the NAM Committee on Healthful Working Conditions and Dr. William M. Gafafer, Chief of the Statistical Unit, United States Public Health Service, Washington, will be the principal speakers. The Association adds that arrangements are being made with trade associations in other cities to arrange for further wartime clinics this Fall and Winter, similar to those conducted last Spring in New Haven, St. Louis and Kansas City. Sponsorship of the clinics is an activity of the NAM's Committee on Healthful Working Conditions of which Philip M. Morgan, President of Morgan Construction Co., Worcester, Mass., is Chairman.

W. T. Page Dies

William Tyler Page, Clerk of the House of Representatives from 1919 to 1931 and an employee of the House for more than 60 years, died on Oct. 19 at his home in Chevy Chase, Md. He was 74 years old. Mr. Page was author of "The American's Creed."

A native of Frederick, Md., Mr. Page began his life-time service at the Capitol as a page in the House in 1881. He later advanced to secretary and became Clerk of the House in 1919. When Mr. Page was succeeded in 1931, with the control of the House shifting to the Democrats that body created the new post of minority clerk emeritus for him for life.

Building Permit Valuations 70% Lower In Sept. Nine Months' Total Decreased 37% From 1941

Building permit valuations for September were 70% lower than during September 1941, Secretary of Labor Frances Perkins reported on Oct. 24. "The major part of this reduction was in Federally financed projects, but private building also decreased," she said. "The most pronounced decline, 82%, occurred in the value of new non-residential buildings. The value of new residential building declined 64%, while additions, alterations, and repairs to existing structures showed a decline of 33%.

Secretary Perkins further reported:

"From August to September, 1942 there was a decline of 16% in indicated expenditures for building construction. This decrease resulted from a falling off of 36% in permit valuations for new non-residential building, and a decline of 10% in the valuations of additions, alterations, and repairs. There was an increase of 0.7% in indicated expenditures for new residential building.

"During the first three-quarters of 1942, permits were issued in reporting cities for buildings valued at $1,497,199,000, a decrease of 37%, as compared with the corresponding period of 1941. Permit valuations for new residential buildings for the first nine months of the current year amounted to $663,244,000, a decline of 44%, as compared with the same period of the preceding year. Over the same period, new non-residential valuations showed a decrease of 31%, and additions, alterations, and repairs a decline of 27%."

The Labor Department's announcement likewise said:

"Tabulations of the Bureau of Labor Statistics include contracts awarded by Federal and State Governments in addition to private and municipal building construction. For September 1942, Federal and State construction in the 2.366 reporting cities totaled $24,955,000; for August 1942, $40,656,000, and for September 1941, $163,210,000.

"Changes in permit valuations in the 2,366 reporting cities between September 1942, August 1942, and September 1941 are summarized below:

Class of construction	Change from Aug. 1942 to Sept. 1942 All cities
New residential	+ 0.7%
New non-residential	—35.9%
Additions, alterations and repairs	—10.2%
All construction	—15.6%

Class of construction	Change from Sept. 1941 to Sept. 1942 All cities
New residential	—64.0%
New non-residential	—81.9%
Additions, alterations and repairs	—32.6%
All construction	—69.9%

"Comparisons of permit valuations in cities reporting for the first nine months of 1941 and 1942 are shown in the following table:

Class of construction	Change from first 9 months of 1941 to first 9 months of 1942 All cities
New residential	—44.0%
New non-residential	—31.4%
Additions, alterations and repairs	—26.9%
All construction	—37.1%

"In the 2,366 reporting cities, permits were issued in September 1942 for new housekeeping dwellings which will provide 14,088 dwelling units, or 17% less than 16,944 dwelling units provided in the previous month, and 61% less than the number provided in September 1941. Dwelling units in publicly financed housing projects included in these totals numbered 1,638 in September 1942; 1,803 in August 1942, and 9,631 in September 1941.

"Principal centers of various types of building construction for which permits were issued or contracts were awarded in September 1942, except those awarded by the War and Navy Departments, Maritime Commission, and the Defense Plant Corporation which have been excluded because of their confidential nature, were: Bridgeport, Conn., factories to cost $672,000; Bristol, Conn., 1-family dwellings to cost $319,000; Willimantic, Conn., factories and office buildings to cost $2,054,000; New York City, Borough of Queens, 1-family dwellings to cost $570,000; Philadelphia, Pa., 1-family dwellings to cost $980,000; Cicero, Ill., factories to cost $380,000; East Moline, Ill., State hospital to cost $334,000; Hammond, Ind., 1-family dwellings to cost $428,000; Detroit, Mich., 1-family dwellings to cost $1,830,000, 2-family dwellings to cost $479,000 and factories to cost $303,000; Highland Park, Mich., hospital to cost $400,000; Saginaw, Mich., additions to hospitals to cost $353,000; Akron, Ohio, 1-family dwellings to cost $334,000; Cleveland, Ohio, 1-family dwellings to cost $349,000 and factories to cost $1,258,000; Columbus, Ohio, 1-family dwellings to cost $365,000; Baltimore, Md., 1-family dwellings to cost $416,000; Alexandria, Va., multi-family dwellings to cost $773,000; Arlington County, Va., multi-family dwellings to cost $1,184,000; Bristol, Va., factories to cost $300,000; Norfolk, Va., 1-family dwellings to cost $300,000; Las Vegas, Nev., 1-family dwellings to cost $513,000; Alameda, Calif., office buildings to cost $310,000 and a wharf to cost $446,000; Burbank, Calif., factories to cost $550,000; Los Angeles, Calif., 1-family dwellings to cost $1,393,000, 2-family dwellings to cost $383,000, and multi-family dwellings to cost $1,094,000; Napa, Calif., 1-family dwellings to cost $684,000; San Bernardino, Calif., 1-family dwellings to cost $593,000; Seattle, Wash., 1-family dwellings to cost $337,000; Spokane, Wash., office buildings to cost $410,000, and Tacoma, Wash., 1-family dwellings to cost $958,000.

"Contracts were awarded during September for the following publicly financed housing projects containing the indicated number of units: Portland, Maine, $786,000 for 200 dwelling units; Hartford, Conn., $792,000 for 200 dwelling units; Hingham, Mass., $327,000 for 77 dwelling units; Asbury Park, N. J., $223,000 for 59 dwellings units; Long Branch, N. J., $307,000 for 82 dwelling units; Washington, D. C., $807,000 for 204 dwelling units and $2,367,000 for dormitories; Panama City, Fla., $848,000 for 496 dwelling units and $241,000 for dormitory apartments; Tarrant, Ala., $11,000 for four dwelling units; Arlington County, Va., $4,268,000 for dormitories, and Portland, Ore., $692,000 for 288 demountable dwelling units."

OPA Sugar Allotments

The Office of Price Administration announces that consumers may purchase three pounds of sugar with war-ration stamp No. 9 in the six-week period of Nov. 1 to Dec. 15. Stamp No. 8 calling for five pounds, expires on Oct. 31.

The allotments for industrial and institutional users for the November-December period is fixed at 70% of the sugar base established by them.

While the industrial users received a 10% bonus for the September-October period, it was said that the present sugar supply does not justify a continuance of these bonus increases.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Nov 3				Exchange Closed					
2	117.38	107.62	117.20	114.27	108.70	92.64	97.31	112.00	114.27
Oct 31	117.38	107.44	117.00	114.08	108.70	92.50	97.31	112.00	114.27
30	117.38	107.44	117.00	114.08	108.70	92.50	97.31	112.00	114.27
29	117.38	107.44	117.00	114.08	108.52	92.50	97.31	111.81	114.27
28	117.38	107.44	117.00	114.08	108.52	92.50	97.31	111.81	114.08
27	117.38	107.44	117.00	114.08	108.52	92.50	97.31	111.81	114.27
26	117.38	107.44	117.00	114.08	108.52	92.64	97.31	111.81	114.27
24	117.38	107.44	117.00	114.08	108.70	92.64	97.47	111.81	114.46
23	117.38	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.27
22	117.40	107.44	117.00	114.08	108.70	92.64	97.31	111.81	114.46
21	117.40	107.44	117.00	114.08	108.70	92.64	97.31	111.81	114.46
20	117.40	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.46
19	117.38	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.46
17	117.37	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.46
16	117.37	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.46
15	117.37	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.46
14	117.37	107.62	117.00	114.08	108.70	92.64	97.47	111.81	114.46
13	117.37	107.62	117.00	114.08	108.70	92.64	97.47	111.81	114.46
12				Exchange Closed					
10	117.36	107.62	117.20	114.08	108.70	92.64	97.47	111.81	114.46
9	117.38	107.44	117.20	114.08	108.70	92.50	97.31	111.81	114.46
8	117.38	107.44	117.20	114.08	108.70	92.50	97.31	111.81	114.46
7	117.33	107.44	117.20	114.08	108.70	92.35	97.31	111.81	114.46
6	117.30	107.44	117.00	114.08	108.70	92.35	97.31	111.81	114.27
5	117.40	107.27	117.00	113.89	108.70	92.20	97.16	111.62	114.27
3	117.39	107.27	117.00	113.89	108.52	92.35	97.16	111.62	114.27
2	117.39	107.27	117.00	113.89	108.52	92.35	97.16	111.81	114.27
1	117.36	107.27	117.00	113.89	108.52	92.35	97.16	111.62	114.27
Sep 25	117.51	107.27	117.00	113.89	108.70	92.06	97.00	111.62	114.08
18	117.62	107.27	117.00	113.70	108.52	92.06	96.85	111.81	114.08
11	117.75	107.09	116.80	113.50	108.34	92.06	96.69	111.81	113.89
4	117.80	107.09	117.00	113.31	103.34	92.06	96.54	111.62	114.08
Aug. 28	117.85	106.92	116.80	113.31	108.16	92.06	96.54	111.62	114.08
21	117.93	106.92	116.80	113.31	108.16	92.06	96.38	111.44	114.08
14	117.92	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.08
7	117.97	106.92	116.61	113.12	108.16	91.91	96.23	111.44	114.27
July 31	118.11	106.92	116.41	113.50	108.16	91.77	96.07	111.44	114.27
24	118.22	106.74	116.61	113.31	107.98	91.77	95.92	111.62	114.08
17	118.22	106.74	116.41	113.12	107.98	91.62	95.77	111.44	114.27
10	118.26	106.74	116.41	113.31	107.80	91.62	95.77	111.25	114.08
3	118.09	106.56	116.22	113.12	107.98	91.34	95.77	111.25	113.89
June 26	118.14	106.39	116.22	112.93	107.80	91.05	95.47	110.88	113.89
May 29	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
High 1942	118.41	107.62	117.20	114.27	108.70	92.64	97.47	112.00	114.46
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago									
Nov. 3, 1941	120.04	108.34	118.60	115.82	109.42	92.06	97.47	112.19	116.22
2 Years ago									
Nov. 2, 1940	117.02	105.17	117.20	113.12	105.00	88.40	94.26	109.79	112.37

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings				Corporate by Groups		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Nov 3				Exchange Closed					
2	2.05	3.30	2.79	2.94	3.24	4.23	3.92	3.06	2.94
Oct 31	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.06	2.94
30	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.06	2.94
29	2.05	3.31	2.80	2.95	3.25	4.24	3.92	3.07	2.94
28	2.05	3.31	2.80	2.95	3.25	4.24	3.92	3.07	2.95
27	2.05	3.31	2.80	2.95	3.25	4.24	3.92	3.07	2.94
26	2.05	3.31	2.80	2.95	3.25	4.23	3.92	3.07	2.94
24	2.05	3.31	2.80	2.95	3.24	4.23	3.91	3.07	2.93
23	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.94
22	2.05	3.31	2.80	2.95	3.24	4.23	3.92	3.07	2.93
21	2.05	3.31	2.80	2.95	3.24	4.23	3.92	3.07	2.93
20	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.93
19	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.93
17	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.93
16	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.93
15	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.93
14	2.05	3.30	2.80	2.95	3.24	4.23	3.91	3.07	2.93
13	2.05	3.30	2.80	2.95	3.24	4.23	3.91	3.07	2.93
12				Exchange Closed					
10	2.05	3.30	2.79	2.95	3.24	4.23	3.91	3.07	2.93
9	2.05	3.31	2.79	2.95	3.24	4.24	3.92	3.07	2.93
8	2.05	3.31	2.79	2.95	3.24	4.24	3.92	3.07	2.93
7	2.06	3.31	2.79	2.95	3.24	4.25	3.92	3.07	2.93
6	2.06	3.31	2.80	2.95	3.24	4.25	3.92	3.07	2.94
5	2.05	3.32	2.80	2.96	3.24	4.26	3.93	3.08	2.94
3	2.05	3.32	2.80	2.96	3.25	4.25	3.93	3.08	2.94
2	2.05	3.32	2.80	2.96	3.25	4.25	3.93	3.07	2.94
1	2.05	3.32	2.80	2.96	3.25	4.25	3.93	3.08	2.94
Sep 25	2.04	3.32	2.80	2.96	3.24	4.27	3.94	3.08	2.95
18	2.03	3.32	2.80	2.97	3.25	4.27	3.95	3.07	2.95
11	2.03	3.33	2.81	2.98	3.26	4.27	3.96	3.07	2.96
4	2.03	3.33	2.80	2.99	3.26	4.27	3.97	3.08	2.95
Aug 28	2.03	3.34	2.81	2.99	3.27	4.27	3.97	3.08	2.95
21	2.02	3.34	2.81	2.99	3.27	4.27	3.98	3.09	2.95
14	2.02	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.95
7	2.02	3.34	2.82	3.00	3.27	4.28	3.99	3.09	2.94
July 31	2.01	3.34	2.83	2.98	3.27	4.29	4.00	3.09	2.94
24	2.00	3.35	2.82	2.99	3.28	4.29	4.01	3.08	2.95
17	1.99	3,35	2.83	3.00	3.28	4.30	4.02	3.09	2.94
10	1.98	3.35	2.83	2.99	3.29	4.30	4.02	3.10	2.95
3	1.98	3.36	2.84	3.00	3.28	4.32	4.02	3.10	2.96
June 26	1.96	3.37	2.84	3.01	3.29	4.34	4.04	3.12	2.96
May 29	1.95	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.97
Apr. 24	1.99	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
Mar 27	1.96	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
Feb 27	2.11	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
Jan. 30	2.05	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.24	4.23	3.91	3.06	2.93
High 1941	2.13	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	1.84	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago									
Nov. 3, 1941	1.84	3.26	2.72	2.86	3.20	4.27	3.91	3.05	2.84
2 Years ago									
Nov. 2, 1940	2.08	3.44	2.79	3.00	3.45	4.53	4.12	3.18	3.04

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Sept. 17, 1942, page 995.

Steel Operations Slightly Off—New Material Distribution Plan—Scrap Situation Eased

United States industry this week has been handed the long-awaited new system for material distribution which eventually is expected to sweep away the headaches of priorities and provide greater momentum toward winning the war, says "The Iron Age" in its issue of today (Nov. 5). The new system is called the "Controlled Materials Plan," and will become effective for the second quarter of 1943. The "Age" further goes on to say in part:

"The new plan calls for control over distribution of steel, copper and aluminum which later may be applied to other war materials. It abolishes preference ratings, but not until June 30, 1943. In general it represents a compromise of many points of view as to how these important war materials should be rationed to give the U. S. war machine maximum power.

"Under CMP's provisions, bills of material for specific end products will be submitted by prime contractors to the Army, Navy, Lend-Lease Administration, Maritime Commission and the Board of Economic Warfare. From these bills the armed services and other claimant agencies will submit material requirements for the controlled materials to the WPB Requirements Committee. The Requirements Committee will certify to the claimant agencies allotments of material for direct military purposes.

"Prime contractors will apply to the claimant agencies for direct military allotments of controlled materials and to WPB for all others. Prime contractors will authorize the requests for materials for sub-contractors limited as to quantity and as to period of consumption exactly as they received their authorization from the claimant agency.

"While the machine tool industry has been assigned high priority ratings and has been promised about 90% of the steel asked for in its fourth quarter under the PRP plan, word from some steel centers suggests that mandatory allocation of steel to the machine tool industry will be soon necessary. No tool plant operations have been reported slowed so far by lack of steel, but the industry is becoming anxious for its steel supplies a few months from now."

The American Iron and Steel Institute on Nov. 2 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 99.6% of capacity for the week beginning Nov. 2, compared with 101.1% (the record high) one week ago, 98.6% one month ago and 98.2% one year ago. This represents a decrease of 1.5 points or 1.5% from the preceding week. The operating rate for the week beginning Nov. 2 is equivalent to 1,703,800 tons of steel ingots and castings, compared to 1,729,500 tons one week ago, 1,686,700 tons one month ago, and 1,622,400 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Nov. 2 stated in part:

"Despite the generous outpouring of steel and iron scrap in the recent salvage drive and the continued effort to draw out dormant material from industrial and other sources, the scrap problem has not been solved.

"War Production Board officials point out the fact that the recent campaign can not be repeated with equal success and such scrap is non-recurrent. No estimate has been made of the tonnage resulting from this effort as the mass of material is undigested and much has not yet reached yards for preparation. Considerable tonnage is expected to result from the campaign now under way to bring out dormant scrap in outmoded machinery and structures in industry, but this also is non-recurrent and once the reservoir is exhausted further sources will be necessary. Present rate of steel output requires more scrap than is provided by normal production in industrial processes and other sources are imperative to sustain operations.

"Some melters have accumulated stockpiles but in no case enough for winter supply and allocations are still in force to insure sufficient for melters who have no reserves.

"To stabilize the major cost element in manganese alloys Office of Price Administration has issued a maximum price regulation on manganese ore for all domestic sales except battery or chemical ore.

"Pig iron distribution under the allocations plan continues to meet requirements of war needs, with only small changes from month to month. Recent limitation on other products under the Production Requirements Plan has had indirect effect on pig iron where the latter enters into the assembly as castings, causing smaller tonnage to be allocated in some cases.

"Effect of war limitations on use of structural steel is seen in the report by the American Institute of Steel Construction that in September bookings were only 61,750 tons, smallest since the beginning of the war. September shipments were 164,501 net tons, compared with 204,085 tons in September, 1941.

"Railroads are placing open contracts for 1943 rail requirements, tonnages to be determined by War Production Board allocations. Necessity for keeping tracks in condition to carry the heavy war traffic is a factor in determining how much steel can be spared for renewal in face of direct war demand."

Michener Contends AP Is Not A Monopoly

In stating in the House on Oct. 21 that "it seems clear to me that the Associated Press is not a monopoly," Representative Michener (Rep.) of Mich. expressed the hope that the Department of Justice would discontinue its anti-trust suit against the Association "and all other similar disturbing proceedings for the duration of the war at least." In Associated Press accounts from Washington Representative Michener was quoted as follows:

"Why should disturbing lawsuits of this kind be injected into the national picture when every ounce of the energy and every influence of our people should be devoted to the one objective of going forward with the war?" he said, adding:

"It is bad public policy to irritate and alarm the press, and threaten to break down this great news organization at a critical time when so much depends upon the newspapers, and when so much is asked and expected of them."

As he understood the situation, Mr. Michener said, the Justice Department's two most important contentions were:

1. That the Associated Press has no legal right to choose its membership and to reject applicants that it does not want to elect, but must furnish its services to all publishers who desire it.

2. That the Associated Press has no right to require its members to furnish local news exclusively to the Associated Press.

If the department's contentions are sustained, he said, the effects would be:

"1. The Associated Press, having become in effect a public utility or common carrier, would have to serve all publications that could be called newspapers, including those that it might deem undesirable or discreditable, and individual publishers whose attitude toward the Associated Press was hostile or obnoxious.

"2. It having become a public utility or common carrier, the Government might try to exercise some form of regulation or control. This might seem impossible under the First Amendment to the Constitution, but if the courts gave the Associated Press that status, they might logically hold that some degree of control would also be legal.

"3. The Associated Press, having lost both control and discipline over its members, its high standards would decline and disintegrate, for those standards have been built up and maintained largely because it has been able to choose worthy members and to enforce the rules that are necessary to produce an accurate and unbiased news report.

"4. It would allow a new competitor, however unworthy or malicious he might be, to have the same service that an existing member has in a given city, and thus to share without cost the good will and prestige of the Associated Press service which the existing member had built up over many years."

"It is practically impossible for anybody to have a monopoly of news gathering or distribution," he said, "for the reason that any one else is free to obtain all the news and is equally free to use the same means of distribution."

FDR Felicitates Turkey

President Roosevelt on Oct. 29 congratulated the Turkish people on the 19th anniversary of the founding of the Turkish Republic. In a message to President Ismet Inonu, Mr. Roosevelt expressed his "sincere confidence" in the future of Turkey. His message follows:

The White House,
Oct. 29, 1942.

His Excellency,
Ismet Inonu,
President of the Republic
of Turkey,
Ankara (Turkey)

It gives me particular pleasure to send to Your Excellency my warm personal felicitations on this anniversary of the founding of the Turkish Republic, and to extend on behalf of the people of the United Sates their most cordial wishes for the continued well-being of the Turkish people. The Turkish Republic has been outstandingly fortunate, during the nineteen years since its establishment, in enjoying the guidance of great leaders. My congratulations to the Turkish people on this auspicious occasion are linked with my sincere confidence in their future, under the wise direction of Your Excellency's government.

FRANKLIN D. ROOSEVELT.

Secretary of State Hull on Oct. 29 also praised Turkey for the "consistently correct and able manner in which the Republic's foreign affairs have been conducted. The Secretary made these remarks at his press conference in welcoming a group of five representatives of the Turkish press.

Moody's Daily Commodity Index

Tuesday, Oct. 27	232.7
Wednesday, Oct. 28	233.1
Thursday, Oct. 29	232.4
Friday, Oct. 30	232.5
Saturday, Oct. 31	232.2
Monday, Nov. 2	232.3
Tuesday, Nov. 3	*
Two weeks ago, Oct. 20	234.1
Month ago, Oct. 2	236.4
Year ago, Nov. 1	208.6
1941 High, Sept. 9	219.9
Low, Feb. 17	171.6
1942 High, Oct. 3	236.4
Low, Jan. 2	220.0

*Holiday.

Consumer Instalment Lending Down In Sept.

The Board of Governors of the Federal Reserve System announced on Oct. 28 that at the end of September 1942 consumer instalment loans outstanding in industrial banks, personal finance companies, and credit unions amounted to an estimated total of $842,-400,000. This, according to the Board, "represents a decline of 20% since the end of 1941. The decline during September was 3.3%, compared with an average decline of about 2.2% per month for the year to date." Personal finance companies have shown the smallest relative decline in their receivables during 1942, while credit unions have shown the greatest. The Board also says:

"Loans totaling $108,000,000 were made by credit unions, industrial banks and personal finance companies during September 1942, showing a decline of 1.5% from the previous month, and of 17.5% from the same month a year ago. Estimated repayments, aggregating $137,000,000, were about 5% less than a year ago."

INSTALMENT LOANS TO CONSUMERS—SEPTEMBER 1942

Estimated Totals for United States

	Amounts in millions of dollars		Percentage changes from—		
	Sept. 1942	Aug. 1942	Aug. '42 to Sept. '42	Sept. '41 to Sept. '42	Jan.-Sept.'41 to Jan.-Sept.'42
Volume of loans made:					
Personal finance companies	60.1	60.3	— 0.3	—12.3	—17.2
Industrial banking companies	31.6	33.4	— 5.4	—17.5	—25.0
Credit unions—total	16.3	16.0	+ 1.9	—31.7	—37.4
State-chartered	10.9	10.7	+ 1.9	—31.4	—36.6
Federal-chartered	5.4	5.3	+ 1.9	—33.3	—39.0
Repayments:					
Personal finance companies	73.6	75.8	— 2.9	— 1.2	— 2.8
Industrial banking companies	40.4	41.3	— 2.2	— 4.7	— 7.0
Credit unions—total	23.3	22.6	+ 3.1	—10.0	— 4.9
State-chartered	15.7	*15.1	+ 4.0	— 8.2	— 5.2
Federal-chartered	7.6	7.5	+ 1.3	—13.6	— 4.4
Outstanding at end of month:					
Personal finance companies	452.0	465.5	— 2.9	—14.7	----
Industrial banking companies	236.7	245.5	— 3.6	—22.4	----
Credit unions—total	153.7	160.4	— 4.4	—30.4	----
State-chartered	110.2	114.7	— 3.9	—28.9	----
Federal-chartered	43.5	45.7	— 4.8	—33.6	----

*Revised.

Engineering Construction 17% Above Week Ago
Private And Public Volumes Gain

Engineering construction volume for the week totals $103,282,000, an increase of 17% over the preceding week, and 1% above the corresponding 1941 week as reported by "Engineering News-Record" on Oct. 29. Both private and public construction are higher than a week ago, the former climbing 69%, and the latter 15%. Private work, however, is 79% below a year ago, but public construction is up 44%. Federal construction is 12 and 110% higher, respectively, than last week and last year. The report added:

The current week's construction brings the 1942 volume to $8,-324,585,000, an increase of 59% over the $5,250,210,000 reported for the 44-week period in 1941. Private work, $511,781,000, is 52% under the period last year, but public construction, $7,812,804,000, is 87% higher as a result of the 136% climb in Federal work.

Construction volumes for the 1941 week, last week, and the current week are:

	Oct. 30, 1941	Oct. 22, 1942	Oct. 29, 1942
Total Construction	$102,695,000	$87,995,000	$103,282,000
Private Construction	36,360,000	4,425,000	7,487,000
Public Construction	66,335,000	83,570,000	95,795,000
State and Municipal	23,455,000	3,335,000	6,045,000
Federal	42,880,000	80,235,000	89,750,000

In the classified construction groups, gains over a week ago are in waterworks, sewerage, industrial and commercial buildings, and unclassified construction. Increases over the 1941 week are in waterworks, sewerage, public buildings, streets and roads, and unclassified construction. Subtotals for the week in each class of construction are: waterworks, $3,295,000; sewerage, $2,953,000; bridges, $257,000; industrial buildings, $3,932,000; commercial building and large-scale private housing, $2,780,000; public buildings, $48,241,000; earthwork and drainage, $1,068,000; streets and roads, $7,314,000, and unclassified construction, $33,442,000.

New capital for construction purposes for the week totals $1,-400,000. This compares with $158,676,000 for the corresponding 1941 week. The current week's new financing is made up of $800,000 in State and municipal bond sales, and $600,000 in corporate security issues.

New construction financing for the year to date, $9,555,998,000, is 57% higher than the $6,089,206,000 reported for the 44-week period last year.

Wholesale Commodity Prices Advanced 0.1% In October 24 Week, Labor Bureau Reports

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Oct. 29 that following last week's decline, commodity prices in primary markets again turned moderately upward during the week ended Oct. 24. The Bureau's wholesale price index of 889 series advanced 0.1%. Prices strengthened for agricultural products, including most livestock, except hogs; for cotton, eggs, and certain fruits and vegetables. At 99.7% of the 1926 average the Bureau's index is slightly below the high level of early October.

The Bureau's announcement further reported:

"Farm Products and Foods: Prices for fruits and vegetables averaged 1.3% higher than during the week ended Oct. 17, while livestock rose 1.2%. Live poultry was up over 10%; lambs, nearly 5%; cows, about 2.5%, and steers, more than 2%. The cotton market advanced about 1.5% and eggs were up 1%. Citrus fruits, apples, and potatoes advanced seasonally. Grain markets weakened on reports of large crops and the average for all grains dropped 1.3%. Prices were also lower for hogs, and Argentine wool.

"Average prices for foods were unchanged during the week. Prices were higher for fruits and vegetables, mutton, dressed poultry, cheese, and peanut butter. These advances were counterbalanced by declines for fresh beef, flour, and corn meal. Prices for foods as a group remained slightly below the peak reached early in October.

"Cattle feed advanced 1.3%.

"Industrial Commodities: Industrial commodity markets continued steady except for higher prices for Oklahoma fuel oil and rosin and lower prices for Pennsylvania neutral oil, phosphate rock, turpentine, and oak lumber."

The Bureau makes the following notation:

During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past three weeks, for Sept. 26, 1942 and Oct. 25, 1941 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

Commodity groups	10-24 1942	10-17 1942	10-10 1942	9-26 1942	10-25 1941	Percentage changes to Oct. 24, 1942 from— 10-17 1942	9-26 1942	10-25 1941
All commodities	*99.7	*99.6	*99.8	*99.4	91.2	+0.1	+0.3	+ 9.3
Farm products	108.7	107.9	108.9	107.3	88.1	+0.7	+1.3	+23.4
Foods	103.1	103.1	103.3	102.0	87.5	0	+1.1	+17.8
Hides and leather products	118.4	118.4	118.4	118.4	113.2	0	0	+ 4.6
Textile products	96.5	96.5	96.5	96.7	90.3	0	—0.2	+ 6.9
Fuel and lighting materials	79.6	79.7	79.7	79.6	79.9	—0.1	0	— 0.4
Metals and metal products	*103.9	*103.9	*103.9	*103.9	102.2	0	0	+ 1.7
Building materials	110.2	110.2	110.5	110.5	107.0	0	—0.3	+ 3.0
Chemicals and allied products	96.1	96.1	96.2	96.2	89.6	0	—0.1	+ 7.3
Housefurnishing goods	104.1	104.1	104.1	104.1	99.9	0	0	+ 4.2
Miscellaneous commodities	88.3	88.4	88.4	88.6	85.5	—0.1	—0.3	+ 3.3
Raw materials	102.5	102.0	102.6	101.5	88.2	+0.5	+1.0	+16.2
Semimanufactured articles	92.5	92.5	92.8	92.8	89.7	0	—0.3	+ 3.1
Manufactured products	*99.6	*99.7	*99.7	*99.5	93.1	—0.1	+0.1	+ 7.0
All commodities other than farm products	*97.7	*97.8	*97.9	*97.7	91.9	—0.1	0	+ 6.3
All commodities other than farm products and foods	*95.6	*95.6	*95.7	*95.7	93.0	0	—0.1	+ 2.8

*Preliminary.

National Fertilizer Association Commodity Price Index Unchanged

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on Nov. 2, remained unchanged at a near-record level last week. This index, in the week ended Oct. 31, 1942, remained at 130.0% of the 1935-39 average, slightly below the peak of 130.2 reached on Oct. 3, just before the new anti-inflation regulations became effective. This index stood at 130.0 a month ago and 116.1 a year ago. The Association's report added:

Although there were fractional advances in the foods group, as well as in several industrial groups, the decline in the farm products group was enough to hold the general index to the same level as in the preceding week. The foodstuffs index rose to 132.9, a new high point. Prices for farm products generally moved lower because of new maximum dollar-and-cents prices on pork products and because of anticipated further extension of Federal price controls over agricultural products. The textile index declined, due to a drop in the price of raw cotton. Fractional advances were recorded by the indexes representing the prices of miscellaneous commodities and fertilizer materials.

During the week prices of 12 commodities advanced and 8 declined; in the preceding week there were 14 advances and 4 declines; in the second preceding week there were 23 advances and 8 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

[*1935-1939=100]

% Each Group Bears to the Total Index	Group	Latest Week Oct. 31, 1942	Preceding Week Oct. 24, 1942	Month Ago Sep. 26, 1942	Year Ago Nov. 1, 1941
25.3	Foods	132.9	132.6	132.2	112.5
	Fats and Oils	146.2	145.9	141.2	122.6
	Cottonseed Oil	156.1	156.1	153.9	145.3
23.0	Farm Products	142.2	142.5	142.1	115.7
	Cotton	180.2	181.3	178.0	155.0
	Grains	112.3	112.6	119.0	105.2
	Livestock	143.6	143.6	142.0	109.8
17.3	Fuels	119.3	119.3	119.3	112.3
10.8	Miscellaneous commodities	127.2	126.7	126.7	125.1
8.2	Textiles	148.0	148.2	147.2	140.0
7.1	Metals	104.4	104.4	104.4	104.0
6.1	Building materials	151.4	151.4	151.5	131.5
1.3	Chemicals and drugs	120.7	120.7	120.7	112.3
.3	Fertilizer materials	117.4	117.3	117.9	114.5
.3	Fertilizers	115.3	115.3	115.3	107.5
.3	Farm machinery	104.1	104.1	104.1	100.2
100.0	All groups combined	130.0	130.0	130.0	116.1

*Indexes on 1926-1928 base were: Oct. 31, 1942, 101.3; Oct. 24, 101.3, Nov. 1, 1941, 90.4.

Groups Named To Pass On Construction Work

The War Production Board has set up administrative machinery to pass on virtually all construction projects, whether military or civilian, in a move to stop all work not "directly essential to the war effort" and to divert the labor and materials into war channels.

WPB Chairman Donald M. Nelson announced on Oct. 21 that he had ordered that priority assistance with respect to all nonmilitary construction for the Federal Government be revoked and that a review be made of all military projects with the same end in view.

Notifying the heads of eight Governmental agencies of his action, Mr. Nelson said that "as things now stand, facilities and construction, including many projects not related to the war effort, programs for 1943, with the carry-over of uncompleted 1942 projects will absorb between one-fifth and one-fourth of the total war effort."

His letter further stated:

"As a result the aggregate demand of such projects for materials, labor, transportation, manpower and technical and engineering services is so great as not only to jeopardize the various military and essential civilian production programs in general, but to force the most essential war projects dangerously behind schedule. I refer particularly to the rubber program, the high octane gasoline program, the aluminum and steel expansion program, the aviation program and other like items of the most critical essentiality.

"In this connection I am concerned not only with civilian but with military construction as well, which, with the concurrence of the Under-Secretaries of War and the Navy, is also to be reviewed and restricted in the light of its essentiality under present conditions."

Mr. Nelson explained that experience had shown that the situation could not be effectively controlled merely through the granting of low priority ratings. He notified the War, Navy, Commerce, Interior and Agriculture Departments, the Maritime Commission and the Tennessee Valley Authority.

The new committees set up by the WPB are the Facility Clearance Board, which will pass on all new projects, civilian and military, involving construction of buildings and facilities costing $500,000 or more, and the Facility Review Committee, which will pass on all new propjects costing less than $500,000 and, in addition, on all projects, regardless of cost, which now are under way.

Ferdinand Eberstadt, WPB Vice-Chairman in charge of materials and program determination, is Chairman of the Facility Clearance Board and Col. Gordon E. Textor, an Army engineer connected with the WPB, will head the other group.

The contemplated construction program for 1942 and 1943—including building, equipment and machinery—was estimated at approximately $33,800,000,000, WPB officiails said. Of this amount about $16,000,000,000 was contemplated for 1943 and it is largely this work which will be affected by Mr. Nelson's order, it was pointed out.

Final Decree In Liquidation Of St. Louis Land Bank

S. L. Cantley, Receiver of the St. Louis Joint Stock Land Bank, recently issued the following announcement to persons interested in the liquidation of the bank:

"On Sept. 23, 1942 the District Court of the United States at St. Louis entered its final decree in the case of Andrews, et al v. St. Louis Joint Stock Land Bank, et al, pursuant to the mandate of the United States Circuit Court of Appeals for the Eighth District. The final decree governs the further distribution of the assets now in the hands of the Receiver.

"In order to comply with this decree it will be necessary for the Receiver to analyze the assets, income and expenses of the trust estate and thereby, after giving effect to the dividends previously declared and paid, to determine the amounts distributable among the holders of bonds of the St. Louis Bank, the Cape Girardeau Bank and the Greenville Bank, respectively. Since it has not been possible to complete this work in time to issue the usual quarterly statement dated as of Sept. 30, the issuance of that statement will be omitted."

McLaughlin RR. Bill Signed By President

President Roosevelt on Oct. 16 signed the so-called McLaughlin bill (H. R. 7121) authorizing voluntary reorganization of railroads along lines of the old Chandler Act, which expired on July 31, 1940.

Under the McLaughlin bill, sponsored by Representative McLaughlin of Nebraska, a railroad has until Nov. 1, 1945 to institute reorganization proceedings.

Daily Average Crude Oil Production For Week Ended Oct. 24, 1942 Increased 15,100 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Oct. 24, 1942 was 3,917,350 barrels, a gain of 15,100 barrels over the previous week, but when compared with the same period last year showed a decrease of 181,450 barrels. The current figure also was 148,850 barrels below the daily average figure for the month of October, 1942, as recommended by the Office of Petroleum Coordinator. Daily production for the four weeks ended Oct. 24, 1942 averaged 3,840,200 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 85.6% of the 4,800,000 barrels estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,776,000 barrels of crude oil daily during the week ended Oct. 24, 1942, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of that week, 79,545,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 11,486,000 barrels during the week ended Oct. 24, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations October	*State Allowables Beginning Oct. 1	—Actual Production— Week Ended Oct. 24 1942	Change From Previous Week	4 Weeks Ended Oct. 24 1942	Week Ended Oct. 25 1941
Oklahoma	417,000	417,000	†364,450	— 350	365,150	425,300
Kansas	294,000	294,000	†303,900	+ 1,000	291,450	255,500
Nebraska	3,500	------	†3,400	— 100	3,400	5,650
Panhandle Texas			85,400	+ 100	85,250	79,450
North Texas			140,000	----	139,750	136,750
West Texas			210,000	+ 1,000	202,000	283,700
East Central Texas			97,000	+ 6,000	90,000	85,700
East Texas			362,000	----	344,750	369,700
Southwest Texas			166,400	+ 1,000	159,250	220,400
Coastal Texas			319,000	+ 8,000	304,000	293,000
Total Texas	1,407,600	‡1,455,261	1,379,800	+ 16,100	1,325,000	1,468,700
North Louisiana			97,850	+ 350	97,950	81,300
Coastal Louisiana			230,000	+ 1,000	228,500	263,400
Total Louisiana	337,200	349,200	327,850	+ 1,350	326,450	344,700
Arkansas	79,500	73,461	73,800	+ 550	73,550	71,950
Mississippi	50,000		†69,650	— 200	70,400	66,450
Illinois	280,000		265,800	+ 7,500	265,750	419,700
Indiana	19,000		†17,000	+ 450	17,200	19,100
Eastern (not incl. Ill. and Indiana)	107,400		95,700	— 950	96.200	92,700
Michigan	65,700		62,100	— 3,800	63,050	58,650
Wyoming	90,800		91,200	+ 350	91,600	86,150
Montana	24,400		21,900	+ 350	21,700	20,050
Colorado	7,000		7,000	+ 250	6,900	4,650
New Mexico	101,100	101,100	99,500	----	98,350	116,450
Total East of Calif.	3,284,200		3,183,050	+ 22,500	3,116,150	3,455,700
California	782,000	§782,000	734,300	— 7,400	724,050	643,100
Total United States	4,066,200		3,917,350	+ 15,100	3,840,200	4,098,800

*O.P.C. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in July, 1942, as follows: Oklahoma, 28,300; Kansas, 4,300; Texas, 98,900; Louisiana, 19,000; Arkansas, 2,900; Illinois, 8,900; Eastern (not including Illinois and Indiana), 7,800; Michigan, 200; Wyoming, 2,200; Montana, 200; New Mexico, 5,800; California, 41,000.

†Oklahoma, Kansas, Nebraska, Mississippi, Indiana figures are for week ended 7 a.m. Oct. 21.

‡This is the net basic allowable as of Oct. 1, calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 4 to 16 days, the entire state was ordered shut down for 9 days, namely, Oct. 3, 4, 10, 11, 17, 18, 24, 25 and 31.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDING OCT. 24, 1942

(Figures in Thousands of barrels of 42 Gallons Each)

District—	Daily Refining Capacity Potential Rate	% Reporting	Crude Runs to Stills Daily Average	% Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
			Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis					
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,440	88.2	1,650	67.6	5,020	38,150	25,575	19,035
Appalachian	176	84.8	162	92.0	492	2,705	728	503
Ind., Ill., Ky.	804	83.3	773	96.1	2,554	13,826	6,168	3,137
Okla., Kansas, Mo.	416	80.1	356	85.6	1.248	6,412	1,851	1,388
Rocky Mountain	147	48.0	109	74.1	361	1,642	429	570
California	817	89.9	726	88.9	1,811	16,810	12,816	54,440
Tot. U. S. B. of M. basis, Oct 24, 1942	4,800	85.6	3,776	78.7	11,486	†79,545	47,567	79,073
Tot. U. S. B. of M. basis, Oct. 17, 1942	4,800	85.6	3,709	77.3	11,227	78,956	46,926	78,537
U. S. Bur. of Mines basis, Oct. 25, 1941			4,071		13,836	82,390	54,946	94,339

*At the request of the Office of Petroleum Coordinator. †Finished 70,160,000 bbls.; unfinished 9,385,000 bbls. ‡At refiners, at bulk terminals, in transit and in pipe lines.

N. Y. Reserve Bank Index Steady In September

In September, the seasonally adjusted index of production and trade computed at the Federal Reserve Bank of New York was 120% of estimated long-term trend, unchanged from the previous month's record level, but ten points higher than in September, 1941, the bank announced on Oct. 27. Industrial production continued to increase during September, but retail trade in general did not expand as much as usual over August.

The bank's announcement further stated:

"The index of producers' durable goods output, including many types of war goods, rose five points more during September, while consumers' durable goods production was still further curtailed. The non-durable goods index advanced two points reflecting increases in coal mining, meatpacking, and cotton consumption.

"Retail trade, on a seasonally adjusted basis, fell off again in September after a two-month recovery from the decline that occurred during the first half of 1942. Sales of department stores and variety and grocery chain store systems did not increase as much as expected at this time of year, but mail order house sales showed approximately the usual seasonal increase."

INDEXES OF PRODUCTION AND TRADE

100=estimated long term trend

	1941 Sept.	1942 July	1942 *Aug.	1942 *Sept.
Index of Production and Trade	110	118	120	120
Production	115	126	128	130
Producers' goods—total	126	156	160	164
Producers' durable goods	135	184	191	196
Producers' nondurable goods	118	124	125	127
Consumers' goods—total	101	88	87	88
Consumers' durable goods	96	44	38	36
Consumers' nondurable goods	103	103	104	106
Durable goods—total	123	143	146	149
Nondurable goods—total	109	112	113	115
Primary distribution	113	134	134	133
Distribution to consumer	100	89	93	88
Miscellaneous services	102	124	126	125

*Indexes are preliminary.

Series are adjusted individually for estimated long term trend and seasonal variation; those reported in dollars are also adjusted for price changes.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Oct. 24, 1942, is estimated at 11,350,000 net tons, a slight decrease from the total of 11,400,000 tons in the preceding week, and compares with 11,178,000 tons in the corresponding week of last year. The production of soft coal to date shows an increase of 14.7% over the same period last year.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Oct. 24 was estimated at 1,193,000 tons, an increase of 53,000 tons (4.6%) over the preceding week. When compared with the output in the corresponding week of 1941, however, there was a decrease of 76,000 tons, or 6.0%. The calendar year to date shows a gain of 5.0% when compared with the corresponding period of 1941.

The U. S. Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended Oct. 24 showed a decrease of 3,400 tons when compared with the output for the week ended Oct. 17. The quantity of coke from beehive ovens increased 3,500 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM (000 OMITTED)

Bituminous and lignite coal—	Week Ended Oct. 24, 1942	Week Ended Oct. 17, 1942	Week Ended Oct. 25, 1941	January 1 to Date †Oct. 24, 1942	January 1 to Date Oct. 25, 1941	January 1 to Date Oct. 23, 1937
Total, incl. mine fuel	11,350	11,400	11,178	468,357	408,266	362,068
Daily average	1,892	1,900	1,863	1,876	1,641	1,452
*Crude petroleum— Coal equivalent of weekly output	6,275	6,251	6,565	262,808	257,794	236,576

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook, Review of 1940, page 775). †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

Penn. anthracite—	Week Ended §Oct. 24, 1942	Week Ended Oct. 17, 1942	Week Ended Oct. 25, 1941	Calendar Year to Date Oct. 24, 1942	Calendar Year to Date Oct. 25 1941	Calendar Year to Date Oct. 26, 1929
*Total inc. colliery fuel	1,193,000	1,140,000	1,269,000	49,445,000	47,094,000	59,717,000
†Commercial production	1,145,000	1,094,000	1,206,000	47,007,000	44,739,000	55,417,000
Beehive coke— United States total	157,700	154,200	154,400	6,464,000	5,352,900	5,581,300
By-product coke— United States Total	1,203,200	1,206,600	‡	50,321,200	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

[In Thousands of Net Tons)]

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	Week Ended Oct. 17, 1942	Week Ended Oct. 10, 1942	Week Ended Oct. 18, 1941	Week Ended Oct. 19, 1940	Week Ended Oct. 16, 1937	Oct. avge. ¶1923
Alaska	5	5	6	4	3	**
Alabama	364	364	318	303	263	398
Arkansas and Oklahoma	92	95	102	65	109	88
Colorado	173	167	142	114	168	217
Georgia and North Carolina	1	1	1	1	1	**
Illinois	1,325	1,323	1,080	924	1,184	1,558
Indiana	492	498	524	287	384	520
Iowa	50	45	68	52	88	116
Kansas and Missouri	171	173	153	127	162	161
Kentucky—Eastern	950	943	976	695	873	764
Kentucky—Western	304	302	201	145	190	238
Maryland	32	33	37	24	32	35
Michigan	8	9	9	7	16	28
Montana (bituminous and lignite)	100	114	75	64	77	82
New Mexico	36	36	25	21	37	58
North and South Dakota (lignite)	75	65	53	70	74	**36
Ohio	695	705	674	363	558	817
Pennsylvania (bituminous)	2,560	2,623	2,842	2,440	2,350	3,149
Tennessee	150	140	151	93	115	118
Texas (bituminous and lignite)	8	8	9	8	19	26
Utah	102	118	101	67	103	121
Virginia	410	400	430	261	331	231
Washington	44	48	37	33	44	68
*West Virginia—Southern	2,190	2,180	2,367	1.677	1,965	1,488
†West Virginia—Northern	875	882	830	470	568	805
Wyoming	188	182	168	116	153	184
‡Other Western States	††	1	1	1	††	**4
Total bituminous and lignite	11,400	11,460	11,380	8,432	9,867	11,310
§Pennsylvania anthracite	1,140	1,159	1,279	850	1,218	1,968
Total all coal	12,540	12,619	12,659	9,282	11,085	13,278

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

Tax Inst. Sponsors Regional Round Tables

The Tax Institute of the University of Pennsylvania announces that it was sponsoring eight regional round tables designed to gain information on the nature and extent of State and local fiscal problems created by the war. The regional centers selected for the holding of the round tables are Seattle, Denver, Detroit, Dallas, Jacksonville, Knoxville, Philadelphia, and Boston.

Administration of the round tables is being carried out entirely by local leadership appointed by the Tax Institute. Outstanding civic leaders have been secured as chairmen, reporters, and steering committees in each region. The series of round tables will serve as a forerunner to the national symposium on "Wartime Problems of State and Local Finance," to be conducted by the Tax Institute at the Hotel Pennsylvania, New York City, Nov. 27-28.

Dr. Frederick L. Bird, Director of Municipal Research, Dun & Bradstreet, Inc., is chairman of the Program Committee for the symposium. Other members of the committee are William C. Beyer, Director, Philadelphia Bureau of Municipal Research; Harold S. Buttenheim, Editor, "The American City," and Chairman, Advisory Council, Tax Institute; Dixwell Pierce, Secretary, California State Board of Equalization; Mabel L. Walker, Director, Tax Institute; Alfred H. Williams, President, Federal Reserve Bank of Philadelphia, and Chairman, Administrative Board, Tax Institute.

Insurance Benefits In Partial Unemployment

Milton O. Loysen, Executive Director of the New York State Division of Placement and Unemployment Insurance, announced on Oct. 23 that after weeks of preparation, the Division is now ready for the payment of unemployment insurance benefits for partial unemployment. These benefits become payable after Nov. 30 of this year. "Conferences have been held with employers and labor leaders in numerous industries and I believe that we have evolved a benefit payment structure that will prove to be simple and economical, yet effective," said Mr. Loysen. "We have cut red tape to the bone and we are ready to go." He added:

"The payment of benefits for partial unemployment, of course, is brand new to New York State. In previous years, a worker, among other qualifications, had to be totally unemployed a full week at a time in order to qualify for unemployment insurance benefits. As of Nov. 30, it will be possible for a worker to be employed as many as three days a week and still be credited with one benefit day, provided that he does not earn more than $24 in that week. This change was made possible by an amendment to the Unemployment Insurance Law, enacted at the last session of the legislature.

"Compensable unemployment will be measured now in terms of individual days instead of weeks of seven consecutive days. This change in the law extends the right to unemployment insurance to intermittently or casually employed workers, who, in the past, were disadvantaged inasmuch as they could not receive benefits unless they were totally unemployed for periods of at least seven consecutive days. It also creates an incentive to accept part-time jobs rather than remain totally unemployed, and it lessens the incentive to conceal casual earnings during a period of prolonged unemployment."

Trading On New York Exchanges

The Securities and Exchange Commission made public on Oct. 30 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Oct. 17, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Oct. 17 (in round-lot transactions) totaled 973,145 shares, which amount was 15.94% of total transactions on the Exchange of 3,051,970 shares. This compares with member trading during the previous week ended Oct. 10 of 1,670,745 shares, or 16.58% of total trading of 5,039,800 shares. On the New York Curb Exchange, member trading during the week ended Oct. 17 amounted to 158,495 shares, or 16.36% of the total volume of that Exchange of 484,275 shares; during the preceding week trading for the account of Curb members of 215,970 shares was 15.21% of total trading of 710,020 shares.

The Commission made available the following data for the week ended Oct. 17:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	964	666
1. Reports showing transactions as specialists	171	86
2. Reports showing other transactions initiated on the floor	164	15
3. Reports showing other transactions initiated off the floor	187	64
4. Reports showing no transactions	541	540

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED OCT. 17, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	62,650	
‡Other sales	2,989,320	
Total sales	3,051,970	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	250,590	
Short sales	35,840	
‡Other sales	230,190	
Total sales	266,030	8.46
2. Other transactions initiated on the floor—		
Total purchases	152,540	
Short sales	8,300	
‡Other sales	132,400	
Total sales	140,700	4.80
3. Other transactions initiated off the floor—		
Total purchases	81,900	
Short sales	3,525	
‡Other sales	77,860	
Total sales	81,385	2.68
4. Total—		
Total purchases	485,030	
Short sales	47,665	
‡Other sales	440,450	
Total sales	488,115	15.94

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED OCT. 17, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	5,740	
‡Other sales	478,535	
Total sales	484,275	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	42,470	
Short sales	4,740	
‡Other sales	63,570	
Total sales	68,310	11.44
2. Other transactions initiated on the floor—		
Total purchases	6,120	
Short sales	400	
‡Other sales	12,675	
Total sales	13,075	1.98
3. Other transactions initiated off the floor—		
Total purchases	13,610	
Short sales	600	
‡Other sales	14,310	
Total sales	14,910	2.94
4. Total—		
Total purchases	62,200	
Short sales	5,740	
‡Other sales	90,555	
Total sales	96,295	16.36
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	21,715	
Total purchases	21,715	
Total sales	14,628	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Non-Ferrous Metals—Premium Quota Plan Up For Revision To Meet Higher Miners' Wages

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Oct. 29, stated: "Director of Economic Stabilization Byrnes last week approved the higher wage rates to mine workers authorized by the National War Labor Board. To meet the higher costs of producing the major non-ferrous metals, the authorities in Washington have decided to review and liberalize the basic quotas under which premium prices are paid for copper, lead, and zinc by Metals Reserve Co. Existing ceiling prices for those metals will not be disturbed. The price of quicksilver advanced $1 per flask under continued activity in nearby metal. Ceiling prices were named by OPA during the last week on ordinary domestic sales of metallurgical manganese ore." The publication further went on to say in part:

Copper

Some fabricators have obtained word from WPB on their November allocations, but real activity on next month's business will not take place until MRC decides on the tonnage that it will release covering that position.

Lead

Just what has happened to the revised lead conservation order that appeared ready for distribution a little more than a week ago is not known.

Buying of lead during the last week was in good volume, with consumers evidently acting on a more liberal inventory allowance granted earlier in the month by WPB.

Zinc

Zinc dust will come under strict allocation before long, the trade believes. Consumers of the common grades of zinc find restrictions on use of zinc products not essential for the war effort are cutting deeply into their regular lines of business, with the result that the producers of Prime Western are diverting more metal for stockpiling. The price situation in virgin metal remains unchanged. Scrap is lower.

Manganese Ore

Maximum price regulation (No. 248) was issued during the last week by OPA, establishing ceiling prices for metallurgical manganese ore sold in the domestic market. The effective date of the order is Nov. 9. On 48% ore the following maximum prices per long ton unit of contained manganese, duty, if any, paid, will prevail: 85¢ f.o.b. railroad cars Mobile and New Orleans; 90¢ f.o.b. Norfolk, Baltimore, Philadelphia, and New York; 96¢ f.o.b. Fontana, Calif., Pueblo, Colo., and Provo, Utah.

Exempted from the regulations are sales or deliveries of manganese ore to the United States Government or its agencies, including the Metals Reserve Co. Sales or deliveries outside of the continental United States, covering ore bought f.o.b., a foreign mine or port, also are freed from the pricing regulations.

Cadmium

Sellers of primary and secondary cadmium have been granted permission by OPA to use adjustable pricing contracts, which provide for the upward revision of contract prices should the price ceiling be raised.

Tin

WPB lifted the restrictions on the use of chemically-treated black plate for containers.

The market situation in tin was unchanged, with business restricted to essential needs of consumers. Straits quality tin for forward shipment was nominally as follows:

	Oct.	Nov.	Dec.
Oct. 22	52.000	52.000	52.000
Oct. 23	52.000	52.000	52.000
Oct. 24	52.000	52.000	52.000
Oct. 26	52.000	52.000	52.000
Oct. 27	52.000	52.000	52.000
Oct. 28	52.000	52.000	52.000

Chinese tin, 99% spot, 51.125¢ all week.

Quicksilver

Demand for quicksilver continues fairly active and quotations in the New York market moved up on an average of $1 per flask during the last week, bringing prices a step nearer to the ceiling level established some time back by OPA. Quotations now range from $196 to $198 per flask on prompt and nearby metal.

Silver

The silver market in London has been quiet and steady on the basis of 23½d. The New York Official price continues at 44¾¢, with the Treasury's more or less nominal quotation unchanged at 35¢.

London's reaction to the price advance in silver posted in this country late in August is described by Mocatta & Goldsmid, British silver merchants, as follows:

"On Aug. 24 it was learned that the United States Government had announced that after Aug. 31 it would pay 45¢ for imported silver as against the previous price of 35¢. The fact that this made the London quotation the lowest ruling in the various silver markets caused industrial consumers to anticipate their needs to a certain extent ,and also brought in a few other buyers whose requirements were difficult to fill owing to the very small amount of free silver coming on the market. It was soon realized, however, that with the various war-time restrictions in force, the latest movements in the United States were unlikely to have any effect on the price here. and by the end of September the market reverted to its normal war-time inactivity."

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Argentine-U. S. Ship Pact

Vice Admiral Francisco Stewart, President of the Argentine merchant fleet, said recently that he had successfully completed his mission in the United States with the negotiation of an agreement with United States shipping officials for use of United States ports by Government-owned Argentine merchant fleets and affecting cargoes to be carried.

No details of the agreement were disclosed since it is subject to approval of both governments before it becomes effective.

Taxes Under New Revenue Act to be Paid by Single and Married Persons

While we expect to publish in full at a later date the complete text of the newly enacted revenue Act (the Revenue Act of 1942), we are making room here for the Treasury Department tables showing the amount of income tax, Victory tax, and combined tax required to be paid by individuals under the new law. The measure was placed on the statute books with its signing by President Roosevelt on Oct. 21, at 4:30 p.m. As was indicated in these columns Oct. 22, page 1441, final Congressional approval of the bill came on Oct. 20 when the Senate and the House adopted a conference report on the bill. The original House bill was passed on July 20 and the Senate version on Oct. 10. In our issue of Oct. 29, page 1550, it was noted that the Treasury is preparing for unprecedented tax collections under the new Act, under which, according to Treasury estimate, the new taxes will increase to approximately $24,000,000,000, the annual yield of existing revenue measures expanded to help finance the war; the Treasury announcement also dealt with the various aspects of the new taxation affecting individuals. The Treasury's tabulations showing the amounts to be paid under the new law by single persons with no dependents, married persons with no dependents, and married persons with two dependents, follow:

Amount of Individual Income Tax, Victory Tax, and Combined Tax Under the Revenue Act of 1942

	—Single Person (No Dependents)—			—Married Person (No Dependents)—			—Married Person (2 Dependents)—		
	———Amount of Tax———			———Amount of Tax———			———Amount of Tax———		
Net Income Before Personal Exemp.	*Individual Inc. Tax	†Victory Tax After Post-War Credit	Combined Tax	*Individ'l Inc. Tax	†Victory Tax After Post-War Credit	Combined Tax	*Individual Inc. Tax	†Victory Tax After Post-War Credit	Combined Tax
$500	----	----	----	----	----	----	----	----	----
600	$15	$2	$17	----	$1	$1	----	$1	$1
700	34	6	40	----	5	5	----	4	4
800	52	10	62	----	8	8	----	7	7
900	71	14	85	----	11	11	----	11	11
1,000	89	18	107	----	15	15	----	14	14
1,200	126	27	153	----	21	21	----	20	20
1,500	181	39	220	48	31	79	----	29	29
1,800	236	52	288	103	41	144	----	39	39
2,000	273	60	333	140	48	188	$13	45	58
2,500	365	81	446	232	65	297	99	60	159
3,000	472	102	574	324	81	405	191	76	267
4,000	686	143	829	532	115	647	378	107	485
5,000	920	185	1,105	746	148	894	592	138	730
6,000	1,174	227	1,401	992	181	1,173	810	169	979
8,000	1,742	310	2,052	1,532	248	1,780	1,322	231	1,553
10,000	2,390	393	2,783	2,152	315	2,467	1,914	294	2,208
15,000	4,366	602	4,968	4,052	481	4,533	3,758	449	4,207
20,000	6,816	810	7,626	6,452	648	7,100	6,088	605	6,693
25,000	9,626	1,018	10,644	9,220	815	10,035	8,814	760	9,574
50,000	25,811	2,247	28,058	25,328	1,747	27,075	24,845	1,547	26,392
100,000	64,641	5,024	69,665	64,060	4,524	68,584	63,479	4,324	67,803
500,000	414,616	27,247	441,863	414,000	26,747	440,747	413,384	26,547	439,931
1,000,000	854,616	‡44,884	‡899,500	854,000	‡45,000	‡899,000	853,384	‡45,416	‡898,800
5,000,000	4,374,616	‡124,884	‡4,499,500	4,374,000	‡125,000	‡4,499,000	4,373,384	‡125,416	‡4,498,800

*Maximum earned net income assumed. †Computed by assuming that deductions are 10% of Victory tax net income; i e., that Victory tax net income is ten-ninths of statutory net income shown in stub. ‡Taking into account maximum effective rate limitation of 90%.

Revenue Freight Car Loadings During Week Ended Oct. 24, 1942 Totaled 903,246 Cars

Loading of revenue freight for the week ended Oct. 24, totaled 903,246 cars, the Association of American Railroads announced on Oct. 29. This was a decrease below the corresponding week in 1941, of 10,359 cars or 1.1%, but an increase above the same week in 1940, of 65,589 cars or 7.8%.

Loading of revenue freight for the week of Oct. 24 increased 2,479 cars or 0.3% above the preceding week.

Miscellaneous freight loading totaled 432,500 cars, an increase of 324 cars above the preceding week, and an increase of 26,916 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 92,188 cars, an increase of 1,226 cars above the preceding week, but a decrease of 67,640 cars below the corresponding week in 1941.

Coal loading amounted to 167,257 cars, an increase of 3,044 cars above the preceding week, and an increase of 2,029 cars above the corresponding week in 1941.

Grain and grain products loading totaled 47,665 cars, a decrease of 2,796 cars below the preceding week, but an increase of 12,582 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Oct. 24 totaled 30,120 cars, a decrease of 2,465 cars below the preceding week, but an increase of 9,134 cars above the corresponding week in 1941.

Livestock loading amounted to 24,361 cars, a decrease of 116 cars below the preceding week, but an increase of 3,983 cars above the corresponding week in 1941. In the Western Districts alone, loading of livestock for the week of Oct. 24, totaled 19,955 cars, a decrease of 209 cars below the preceding week, but an increase of 3,322 cars above the corresponding week in 1941.

Forest products loading totaled 49,211 cars, an increase of 741 cars above the preceding week and an increase of 3,294 cars above the corresponding week in 1941.

Ore loading amounted to 76,075 cars, an increase of 268 cars above the preceding week, and an increase of 7,620 cars above the corresponding week in 1941.

Coke loading amounted to 13,989 cars, a decrease of 212 cars below the preceding week, but an increase of 857 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941, except the Eastern, Allegheny and Pocahontas, and all districts reported increases compared with the corresponding week of 1940 except the Eastern.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Four weeks of April	3,351,038	2,793,630	2,495,212
Five weeks of May	4,170,713	4,160,060	3,351,840
Four weeks of June	3,385,769	3,510,057	2,896,953
Four weeks of July	3,321,568	3,413,435	2,822,450
Five weeks of August	4,350,948	4,463,372	3,717,933
Four weeks of September	3,503,658	3,540,210	3,135,122
Week of Oct. 3	907,607	917,896	806,004
Week of Oct. 10	909,957	903,877	811,906
Week of Oct. 17	900,767	922,884	813,909
Week of Oct. 24	903,246	913,605	837,657
Total	35,857,756	34,926,011	29,859,516

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Oct. 24, 1942. During this period only 60 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED OCT. 24

Railroads	Total Revenue Freight Loaded 1942	1941	1940	Total Loads Received from Connections 1942	1941
Eastern District—					
Ann Arbor	367	656	750	1,227	1,585
Bangor & Aroostock	1,754	1,646	1,065	200	315
Boston & Maine	6,621	8,908	8,165	15,455	13,898
Chicago, Indianapolis & Louisville	1,490	1,739	1,553	2,075	2,557
Central Indiana	49	38	20	45	52
Central Vermont	1,002	1,479	1,332	2,248	2,528
Delaware & Hudson	6,399	6,977	7,318	10,625	11,433
Delaware, Lackawanna & Western	7,451	9,203	10,314	11,561	8,686
Detroit & Mackinac	564	487	649	224	147
Detroit, Toledo & Ironton	1,831	2,467	2,670	1,170	1,204
Detroit & Toledo Shore Line	371	368	486	3,061	4,116
Erie	12,410	16,511	14,544	16,948	16,499
Grand Trunk Western	4,739	5,947	5,826	7,958	9,455
Lehigh & Hudson River	225	182	158	2,883	2.768
Lehigh & New England	2 237	2,180	2,450	1,728	1,829
Lehigh Valley	9,179	10,351	10,307	12,674	10,060
Maine Central	2 346	3,245	2,854	3,342	3,136
Monongahela	5,968	6,665	3,890	354	415
Montour	2,317	2,546	1,884	19	64
New York Central Lines	50,235	55,013	48,271	58,184	51,956
N. Y., N. H. & Hartford	9,967	13,282	11.258	18,881	16,726
New York, Ontario & Western	950	1,235	1,259	2,576	2,276
New York, Chicago & St. Louis	7,973	7,348	7,032	15,719	14,570
N. Y., Susquehanna & Western	382	491	418	1,846	1,835
Pittsburgh & Lake Erie	7,915	8,926	8,112	8,783	8,620
Pere Marquette	6,239	7,044	7,065	7,548	6,651
Pittsburg & Shawmut	792	760	601	11	23
Pittsburg, Shawmut & North	463	435	482	280	313
Pittsburgh & West Virginia	1,040	1,155	789	3,283	2,299
Rutland	371	618	664	997	1,255
Wabash	6,381	6,362	6,310	14,114	11,439
Wheeling & Lake Erie	5,139	5,473	5,022	4,714	4,608
Total	165,167	189,727	173.518	230,733	213.318
Allegheny District—					
Akron, Canton & Youngstown	781	746	572	1,070	1,135
Baltimore & Ohio	40.255	42.163	35,543	30,262	24,738
Bessemer & Lake Erie	6,755	5,279	6,639	2,410	1,968
Buffalo Creek & Gauley	*345	303	278	*3	5
Cambria & Indiana	1.858	1,888	1,613	8	17
Central R. R. of New Jersey	7,801	8,080	8,033	20,212	16,679
Cornwall	690	720	661	41	43
Cumberland & Pennsylvania	*230	268	262	*6	30
Ligonier Valley	136	137	140	39	61
Long Island	1 416	895	1,006	3,572	2,909
Penn-Reading Seashore Lines	2,000	1,830	1,468	1,882	2,096
Pennsylvania System	84.796	91.249	72.240	73,568	60,630
Reading Co.	14.345	18,918	17,081	31,263	23,486
Union (Pittsburgh)	21.013	19,952	18,980	7,805	6,056
Western Maryland	3 739	4.362	3,782	13,663	9,925
Total	186,160	196.790	168,478	185,804	149,778
Pocahontas District—					
Chesapeake & Ohio	27,496	29.867	23 843	13,634	14,256
Norfolk & Western	22.255	25,020	21,234	7,998	6,702
Virginian	4,717	4.536	4,065	2,404	1,974
Total	54.468	59,423	49,142	24,036	22,932
Southern District—					
Alabama, Tennessee & Northern	362	454	297	402	213
Atl. & W. P.—W. R. R. of Ala.	814	853	821	2,860	2,226
Atlanta, Birmingham & Coast	778	775	733	1,307	1,324
Atlantic Coast Line	11,248	10,816	10,548	11,232	7,382
Central of Georgia	4,479	4,740	4,500	5,222	4,321
Charleston & Western Carolina	428	476	470	1,530	1,577
Clinchfield	1,809	1,662	1,313	2,965	2,959
Columbus & Greenville	*481	401	410	*305	471
Durham & Southern	119	194	200	502	421
Florida East Coast	785	449	698	1,172	993
Gainesville Midland	40	37	30	100	104
Georgia	1,439	1,591	1,270	2,933	2,571
Georgia & Florida	331	545	322	480	754
Gulf, Mobile & Ohio	4,485	4,225	4,140	5,636	3,439
Illinois Central System	32,044	28,467	25,950	17,914	15,386
Louisville & Nashville	25,879	26,591	23,198	11,767	8,947
Macon, Dublin & Savannah	218	242	136	795	660
Mississippi Central	220	199	161	483	414
Nashville, Chattanooga & St. L.	3,732	3,939	3,585	5,079	3,846
Norfolk Southern	1,255	1,218	1,299	1,669	1,339
Piedmont Northern	311	510	395	1,333	1,771
Richmond, Fred. & Potomac	780	430	401	10,149	5,888
Seaboard Air Line	10,667	10,106	10,199	9,105	7,414
Southern System	23,981	24,942	23,871	25,600	21,104
Tennessee Central	511	553	519	1,089	655
Winston-Salem Southbound	106	160	164	1,084	1,080
Total	127,362	124,575	115,630	122,763	97,259
Northwestern District—					
Chicago & North Western	21,735	21,646	22,879	15,767	13,852
Chicago Great Western	2,406	2,918	2,934	3,516	3,534
Chicago, Milw., St. P. & Pac.	22,803	23,480	22,554	11,662	9,541
Chicago, St. Paul, Minn. & Omaha	3,611	3,757	3,968	4,454	4,700
Duluth, Missabe & Iron Range	23,057	23,415	22,252	426	313
Duluth, South Shore & Atlantic	1,011	1,207	1,078	738	522
Elgin, Joliet & Eastern	10,244	10,468	9,557	11,312	9,823
Ft. Dodge, Des Moines & South	569	595	641	147	166
Great Northern	25,245	25,589	22,718	5,898	4,375
Green Bay & Western	578	641	788	820	710
Lake Superior & Ishpeming	3,053	2,414	3,515	54	84
Minneapolis & St. Louis	2,299	1,994	2,401	2,855	2,510
Minn., St. Paul & S. S. M.	7,425	7,929	7,461	3,625	3,190
Northern Pacific	13,920	14,701	12,482	5,889	4,772
Spokane International	259	229	304	578	309
Spokane, Portland & Seattle	2,534	2,604	1,996	3,533	2,394
Total	145,749	143,587	137,528	71,274	60,795
Central Western District—					
Atch., Top. & Santa Fe System	24,463	23,702	23,989	13,502	9,385
Alton	3,763	3,318	3,258	4,927	2,964
Bingham & Garfield	523	981	430	131	87
Chicago, Burlington & Quincy	22,612	19,782	19,426	14,066	12,197
Chicago & Illinois Midland	2,585	2,685	2,330	1,104	859
Chicago, Rock Island & Pacific	13,575	13,463	14,014	13,327	11,329
Chicago & Eastern Illinois	2,951	3,086	2,718	4,839	3,092
Colorado & Southern	1,511	1,374	1,553	1,930	2,185
Denver & Rio Grande Western	5,541	4,719	5,581	6,951	4,654
Denver & Salt Lake	927	687	529	27	20
Fort Worth & Denver City	1,481	1,235	1,526	1,824	1,269
Illinois Terminal	2,022	2,049	1,957	2,432	2,092
Missouri-Illinois	1,362	1,022	1,083	704	469
Nevada Northern	2,146	1,842	1,904	95	104
North Western Pacific	1,165	1,164	836	718	520
Peoria & Pekin Union	27	14	19	0	0
Southern Pacific (Pacific)	34,043	31,402	28,504	12,056	8.369
Toledo, Peoria & Western	435	349	449	1,694	1,743
Union Pacific System	22,536	22,684	22,095	17,814	13,654
Utah	571	497	436	2	10
Western Pacific	2.350	2.011	1,811	5,155	3,310
Total	146,589	138.066	134,448	103,298	78,312
Southwestern District—					
Burlington-Rock Island	177	192	155	308	311
Gulf Coast Lines	5,189	3,459	2,984	2,475	1,860
International-Great Northern	3,416	1,913	1,962	2,791	2,354
Kansas, Oklahoma & Gulf	486	233	358	1,161	1,221
Kansas City Southern	4,432	2,720	2,207	2,738	3,088
Louisiana & Arkansas	3,901	2,685	2,178	2,146	2,325
Litchfield & Madison	323	374	332	1,153	1,248
Midland Valley	790	828	612	279	316
Missouri & Arkansas	217	239	275	440	407
Missouri-Kansas-Texas Lines	6,541	4,835	5,008	6,270	3,870
Missouri Pacific	18,753	17,307	16,641	20,412	13,051
Quanah Acme & Pacific	157	128	239	290	206
St. Louis-San Francisco	10,357	9,854	9,246	9,026	6,205
St. Louis Southwestern	3,351	3,293	3,564	5,509	3,590
Texas & New Orleans	14,237	8,124	7,935	4,834	4,151
Texas & Pacific	5,268	5,073	5,013	7,277	5,038
Wichita Falls & Southern	136	149	188	27	42
Weatherford M. W. & N. W.	20	31	16	18	43
Total	77,751	61.437	58,913	67,154	49,326

*Previous week's figure.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
1942—Week Ended—					
June 6	110,226	120,374	283.390	69	95
June 13	115,300	125,016	274,512	72	94
June 20	98,766	117,924	248,594	69	93
June 27	104,178	120,359	231,368	72	92
July 4	94,257	100,337	223,809	59	91
July 11	92,481	77,996	236,536	52	90
July 18	103,559	114,917	226,341	71	90
July 25	112,513	120,982	219,700	74	89
Aug. 1	119,023	125,653	213,443	76	89
Aug. 8	114,969	121,035	208,769	75	88
Aug. 15	120,262	122,735	208,206	73	88
Aug. 22	124,763	119,299	213,890	74	87
Aug. 29	122,236	124,440	212,953	77	87
Sept. 5	129,486	124,580	218,539	78	87
Sept. 12	106,933	101,891	222,636	65	86
Sept. 19	138,477	132,212	228,355	81	86
Sept. 26	129,503	131,173	224,926	78	86
Oct. 3	144,506	133,513	236,208	80	86
Oct. 10	147,437	131,961	248,026	80	86
Oct. 17	152,644	134,197	261,871	79	85
Oct. 24	150,133	136,249	275,139	81	85

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Oct. 30 a summary for the week ended Oct. 24, 1942, of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Oct. 24, 1942	Total for week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of Orders	11,805
Number of Shares	329,648
Dollar Value	11,301,273
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	135
*Customers' other sales	13,431
Customers' total sales	13,566
Number of Shares:	
Customers' total sales	3,189
*Customers' other sales	349,068
Customers' total sales	352,257
Dollar value	10,021,679
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	190
†Other sales	94,840
Total sales	95,030
Round-lot Purchases by Dealers—	
Number of shares	83,100

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement—Week Ended Oct. 24, 1942

Lumber production during the week ended Oct. 24, 1942, was 0.02% greater than the previous week, shipments were 2% greater, new business 0.4% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 4% above production; new orders 11% above production. Compared with the corresponding week of 1941, production was 5% less, shipments 3% less, and new business 21% greater. The industry stood at 131% of the average of production in the corresponding week of 1935-39 and 139% of average 1935-39 shipments in the same week.

Year-to-date Comparisons

Reported production for the first 42 weeks of 1942 were 4% below corresponding weeks of 1941; shipments were 3% above the shipments, and new orders 8% above the orders of the 1941 period. For the 42 weeks of 1942, new business was 20% above production, and shipments were 13% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 76% on Oct. 24, 1942, compared with 35% a year ago. Unfilled orders were 58% greater than a year ago; gross stocks were 28% less.

Softwoods and Hardwoods

Record for the current week ended October 24, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

	Softwoods and Hardwoods 1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	457	457	454
Production	256,352	268,563	256,299
Shipments	265,328	273,006	259,857
Orders	284,755	234,862	283,532

	Softwoods 1942 Week	Hardwoods 1942 Week
Mills	371	100
Production	245.191—100%	11.161—100%
Shipments	250 818—102	14.510—130
Orders	273.429—112	11,335—102

Items About Banks, Trust Companies

The Central Hanover Quarter Century Club held its second annual dinner at the Hotel Commodore Oct. 29, with 200 members present. Each of 36 new members of the club who had completed 25 years of active service on the bank's staff during the past 12 months was presented with a $100 War Savings Bond by William S. Gray, Jr., President of Central Hanover Bank & Trust Co. Senator Wm. Warren Barbour and Johnston deForest, trustees of the bank, were also welcomed to the Quarter Century Club as honorary members. Among the honorary members present at the dinner was Henry M. Popham, a Vice-President of the bank when he retired in 1930. Mr. Popham joined the staff of the Union Trust Company 62 years ago. Michael J. Cullen, Assistant Treasurer of the bank with 35 years' service, is the newly elected President of the club, succeeding H. T. Magruder.

Following the meeting of the Board of Trustees of The New York Trust Company on Oct. 27, John E. Bierwirth, President, announced the appointments of Alfred S. Olmstead and Harvey A. Basham, Jr., as Assistant Treasurers. Mr. Basham was formerly Assistant Secretary.

The Marine Midland Trust Company of New York announced Nov. 2 that S. Sargeant Volck has been elected Vice-President of the company. Mr. Volk has had long and varied experience in the field of commercial banking. He was a partner in the commercial paper house of Hathaway & Co. for many years, and later became Senior Vice-President and Director of the Nassau National Bank of Brooklyn. In 1929 Mr. Volck was elected President of the Broadway National Bank & Trust Co. and retained his presidency through several mergers which resulted in the formation of the Colonial Trust Company. Following this, Mr. Volck became President of the Colonial Safe Deposit Company. Among other activities, he was an organizer, Vice-President and director of the Heathcote Trust Company in his home town of Scarsdale, N. Y.

Francis H. Moffett, former President of the Metropolitan Savings Bank, New York City, and a trustee of the Manhattan Savings Institution, died on Oct. 23 in Gotham Hospital after a short illness. He was 74 years old. A native of Manhattan, Mr. Moffett had been associated with the Metropolitan Savings Bank for more than 25 years. He retired as its head last May, when the bank was consolidated with the Manhattan Savings Institution.

The defunct Bank of the United States, New York City, shortly will pay a dividend of 2½% to its creditors and depositors, bringing total liquidating disbursements to 75%, or a dollar value of $102,963,498, according to an announcement made by William R. White, New York State Superintendent of Banks. The forthcoming dividend, which will be the eighth disbursement declared in the course of the liquidation, is expected to be followed by a ninth and final dividend "as early as practicable next year," the announcement said.

When the Bank of The United States closed in December, 1930, it had 59 branches and some 413,000 depositors, with deposits and other liabilities aggregating $188,000,000. The preceding dividend payment was made in November, 1938 (referred to in these columns of Dec. 3, 1938, page 3397).

The National Bank of Auburn, Auburn, N. Y., is observing the 125th anniversary of its founding. When the bank opened for business on Aug. 17, 1817, it was known as the Bank of Auburn, but this was changed to the National Bank of Auburn when national banks were instituted in 1865. The bank is one of the 70 oldest financial institutions in the United States and the 12th oldest in New York State. In its century and a quarter of service, the bank has had but 13 presidents and eight cashiers who have guided its financial course. Frederic E. Worden is now President, and William G. Barnett, Jr., is Cashier, both having assumed their positions in 1937.

The Federal Reserve Bank of Boston announces that the Granite Trust, Quincy, Mass., has been admitted to membership in the Federal Reserve System, effective Oct. 23.

The following are the officers of the Granite Trust:

Chairman of the Board, Delcevare King; President, William J. Martin; Vice-President and Trust Officer, Irving L. Shaw; Vice-Presidents, Matthew Cushing and Loy J. Bowen; Assistant Vice-President, Philip K. Barker; Treasurer, William W. Grieves; Assistant Treasurers, Henry P. Hayward, Philip H. Martin, William W. Smith and Roger D. Hawkes; Assistant Trust Officer, Avery P. Currier; Auditor, Harry E. Finley.

President Martin said that membership in the Federal Reserve System had been seriously considered for some time but particularly since the company absorbed the Weymouth Trust Co. In the 18 months since the merger took place the Granite Trust Co.'s deposits have increased from approximately $14,700,000 to over $20,000,000. Mr. Martin pointed out that over 78% of the deposits with the Granite Trust Co. are held in cash or invested in U. S. Government bonds.

Raymond B. Cox, President of the Webster and Atlas National Bank of Boston, announced on Oct. 27 the purchase of the goodwill and assets of the Morris Plan Banking Co. of Boston. F. Earl Wallace, President of the Morris Plan, becomes a Vice-President of Webster and Atlas and a number of officers and employees of that company will also become associated with the bank.

The following regarding the combination is from the Boston "Herald" of Oct. 28:

"The Morris Plan Banking Company of Boston, with headquarters at 209 Washington Street and branches at Park Square, Boston, Roxbury and Cambridge, was established May 16, 1916, and since that time has extended its services to over 300,000 persons. These services embodied various types of loan and deposit plans to individuals, small businesses and at times to large corporations.

"The Webster and Atlas was founded 109 years ago. As a strong independent bank it has rendered complete banking service to individuals and business concerns over a wide area. In acquiring the business of The Morris Plan the bank is supplementing its many other facilities by extending its Personal Loan service to people of Greater Boston on a far broader scale.

"As of Dec. 31, 1941, Webster and Atlas showed deposits of $21,604.567. loans and investments of $12,819,522 and total resources of $23,676,413. The Morris Plan Banking Company of Boston, as of the same date, showed loans and investments of $2,645,340, deposits of $2,243,329 and total resources of $2,989,046."

The appointment of Jacob Kraus, Jr., as Vice-President of the Central Home Trust Co., Elizabeth, N. J., was announced on Oct. 22 by Nathan Leazitt, President of the bank. Mr. Kraus was formerly Vice-President of the Trust Co. of New Jersey, Jersey City, in charge of the Union City branch.

Irwin Fisher, former Assistant Vice-President of the First National Bank of Philadelphia, died on Oct. 28 at his home in Norristown, Pa. He was 77 years old. A native of Norristown, Mr. Fisher was connected for 55 years with Philadelphia banks, for the greater part of that time with the Centennial National Bank until its absorption by the First National Bank.

The following banks were recently admitted to membership in the Federal Reserve System, according to an announcement by the System's Board of Governors:

Seventh (Chicago) District—Industrial State Bank of Kalamazoo, Kalamazoo, Mich., and Farmers State Bank of Buffalo, Buffalo, Ill.

Tenth (Kansas City) District—Stockmen's Bank, Gillette, Wyo.

Twelfth (San Francisco) District—The Glenn's Ferry Bank, Limited, Glenn's Ferry, Idaho.

Curb Of "C" Rations Tightened—List Cut

The Office of Price Aministration on Oct. 26 announced that eligibility for "C" rations of gasoline will be generally tightened under nationwide milage rationing which goes into effect Nov. 22. The announcement further adds in part:

No ration for occupational driving will be allowed unless the applicant establishes either that he has formed a ride-sharing arrangement with at least three other persons, or that this is not feasible and that no reasonably adequate alternative means of transportation are available. Even where a ride sharing arrangement is shown, however, no supplemental ration will be issued where the area over which the Board has jurisdiction is found to be adequately served by subway, elevated or railroad commutations service and these facilities are reasonably adequate for the applicant's purposes. In any event, no more than 470 miles of occupational driving per month will be allowed unless the applicant is within one of twenty preferred mileage classifications.

While the present Eastern gasoline rationing plan lists only 14 groups of preferred users, the eligibility field has been narrowed in several instances, and broadened in only a few minor categories. The increase in the number of eligible groups has resulted, for the most part, from splitting present groups for purposes of clarification, OPA officials explained.

One notable example of the tightening of eligibility is the elimination of all types of salesmen from the preferred mileage class. In the Eastern plan, while most travelling salesmen were barred from preferred mileage, certain men engaged in the sale of productive equipment held necessary to the war effort were allowed "C" status.

Under the nationwide mileage rationing plan, "C" rations may be issued to certain maintenance and repair men, provided that "transportation is not sought for purposes of selling, merchandising, or promoting."

A provision in the Eastern plan for giving preferred mileage to photographers for transporting their non-portable equipment has been narrowed to provide only for "the transportation of non-portable equipment used in making newsreels . . ."

The eligibility base was broadened in the case of teachers and school officials whose duties require travel from one educational institution to another. The Eastern plan allowed such preferred mileage only to public school teachers and officials. The new plan will give the same status to teachers and officers of parochial and other recognized schools.

The new plan also will provide preferred mileage for the collection of scrap material, and for certain Red Cross workers.

Favors Giving N. Y. Savings Banks Power To Lend On FHA Mortgages Anywhere In U. S.

"First among the dangers confronting us is the possibility of a truly inflationary price rise and a consequent deterioration of the purchasing power of the dollar," said Henry Bruere, President of the Savings Banks Association of the State of New York, in addressing the organization with the opening of its annual meeting in New York at the Waldorf-Astoria Hotel on Oct. 27. Mr. Bruere, who is President of the Bowery Savings Bank, went on to say that "fortunately, the efforts of the government and the common sense of the people thus far have combined to place restraint on the price level. The public is not behaving fantastically as a result of its increased spending power. Those with increased incomes can't spend for America's favorite objects of personal expenditure—new cars and more mileage of cars already owned."

He added:

"They are not tempted to be flamboyant in making personal expenditures because, on the whole, the country is in a very sober mood. They are, as a matter of fact, saving. It is a fine achievement that 18 or 20 million American working men and women are now buying war bonds regularly through allotments of their weekly or monthly pay. The rate of this buying is accelerating and will increase. We are told that debts are being paid off rapidly, and we know that savings in the old channels are beginning to increase, in addition to war bond sales."

Mr. Bruere pointed out that "the need for thrift in this country, not merely to avoid spending but to prepare for the future, is greater than ever before. Therefore perhaps the most important thing we can do is to continue and to improve our educational work urging the public, especially the new wage earning public, to save." "It is not important in the larger sense," said Mr. Bruere "whether these savings come into our institutions in great volume or not. If they go into Government bonds directly, that is fine, and we are prepared to help this process in every way. But as they overflow into our institutions, and they now do and doubtless will continue to do, we shall have all the more opportunity to develop thousands of new steady savers to add firmness and stability to the economic structure of our American society."

Calling attention to the leading part the savings banks have taken in providing housing for war workers, Mr. Bruere said:

"The savings banks, during the first nine months of 1942, made 45% of all the FHA insured loans for war housing in New York State, a total of 2,654 loans. These loans amount to $12,190,897 and are 42% of the total volume of the FHA loans. In addition, as of September 30th, the savings banks of the State had outstanding commitments to make or purchase war housing loans in the amount of $17,242,095."

Mr. Bruere noted that through its wholly-owned company, the Institutional Securities Corporation, the savings banks have been active in helping to provide war housing in other states. "As of September 30th, Institutional either held loans or had commitments for such loans in excess of $4,600,000," he said. He urged the savings banks to find some practical way to pool their resources "in this business of mortgage lending for our common good and for the good of the State and the nation." and said "we should not miss the opportunity to keep home building as much as possible in the field of our activities and away from mass provision by government agencies."

While withholding "any predictions regarding the shape of things after the war," Mr. Bruere observed that "our cities will continue to need heroic attention as they have for the past decade or more," adding, "Cannot savings banks help in some positive way to influence the future development of the important cities in this State?"

Continuing Mr. Bruere said:

"Some years ago I proposed the organization of a mortgage conference in New York to bring about cooperation between rival lending agencies. That conference has been of use, especially in supplying helpful statistical information. An agency was organized by the savings banks of Brooklyn and Queens specifically to study and review the mortgage and real estate problems of the savings banks of that area. The work done by that agency has been of the greatest use.

"Now the time has come to build on these pioneer efforts and to construct a scientific research agency to study real estate and mortgage problems throughout the State. We shall have to be ready to look beyond the State for suitable mortgage loans as time goes on and as we find new thriving communities developing as a result of new industries and shifts in population that already the war has set on foot. I hope that we shall not let this opportunity escape us. I favor asking the Legislature at the coming session to give the savings banks of the State power to lend on FHA insured mortgages anywhere in the United States. A research agency would help in finding suitable loans."

The Business Man's Bookshelf

"War Without Inflation"

"War Without Inflation," The Psychological Approach to Problems of War Economy, by George Katona, author of "Organizing and Memorizing," will be published on Nov. 16, 1942, by the Columbia University Press, Morningside Heights, New York.

This book shows how the psychological preparation of anti-inflationary measures should proceed and discusses what was psychologically well done and what not so well done in the past year. It presents the frame of reference which will enable a great many people to understand the requirements of the economic situation in total war and from which will flow expectations that will guide their conduct.

The contents of this edition will include articles on: "How Inflation Arises," "Price Fixing and Rationing," "Psychological Preparation of Price Fixing," "The Consumer Facing Inflation," "Taxation." "Saving," "Government Publicity," and "After the War."

The cost of this book, which will contain 222 pages, will be $2.50.